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Key Leaders in Congress Back U.S. Trade Ban on Nicaragua

By Steven V. Roberts

New York Times Service

WASHINGTON — Key U.S. congressional leaders have generally opposed President Ronald Reagan's imposition of a trade embargo against Nicaragua as a useful first step in pressuring the Sandinista government to change its policies.

But even supporters of the president criticized his failure to consult with Latin American allies and act in concert with them.

"It's a plus rather than a minus," said Senator Dore Dornberger, a Minnesota Republican who heads the Senate Select Committee on Intelligence. "But it's nowhere near being an essential part of the policy that should be implemented, particularly when it's done unilaterally."

The president's move, announced Wednesday in West Germany, where he is attending the annual Western economic summit, comes at a time when lawmakers from both parties are searching for a compromise package that could channel some form of nonmilitary aid to the rebels fighting the Sandinista government.

The Senate approved a resolution releasing \$14 million to the rebels last week, but in the House, liberals and conservatives combined to kill all efforts at passing an aid package.

Senator Sam Nunn, a conservative Democrat of Georgia who supported aid to the rebels, said the House action "left a very large void" in Central American policy and added, "I think the majority of people don't want to leave that void unaddressed."

Representative Lee H. Hamilton, an Indiana Democrat, said he and other lawmakers were "working to try to put together a proposal" for nonmilitary aid to the rebels, often called "contras."

Mr. Hamilton said he hoped to have the proposal ready in time to present it next week to the House Select Committee on Intelligence, which he heads.

The president's decision to impose an embargo against Nicaragua drew fire from legislators who strongly oppose the administration's policy in Central America.

Managua Calls Action Illegal

Compiled by Our Staff From Dispatches

MANAGUA — Vice President Sergio Ramirez Mercado of Nicaragua, condemning the U.S. economic embargo as "absolutely illegal and arbitrary," said his government would file a protest before the International Court of Justice at The Hague.

President Ronald Reagan, in Bonn for the economic summit, said Thursday that the United States would not recognize the World Court's jurisdiction in the case.

Mr. Ramirez said Wednesday in Managua: "We will become closer to all countries that support this revolution." He added that this included the Soviet Union. President Daniel Ortega Sastre, who is visiting Belgrade, denounced the embargo Thursday and said it would "most likely be accompanied by military action."

(NYT, AP)

South Africa. There seems to be a double standard at work."

But many members of Congress have advocated an embargo, and agreed with Senator Robert J. Dole, the majority leader, when he said, "I think it's time to get tough and stay tough."

■ New Congressional Support

There are signs that a new congressional majority is forming in support of the administration's basic policy of pressure on the Sandinista government, the Los Angeles Times reported Wednesday.

Several Democrats have said that they may switch from opposing funding for the rebels to supporting a limited program of aid, leading administration officials to predict that they could win a new vote on the issue later this month.

"I am reconsidering," Senator Joseph R. Biden Jr., a Delaware Democrat and prominent Senate liberal, said Wednesday.

Senator James R. Sasser, a Democrat of Tennessee, and Representative Bill Richardson, a New Mexico Democrat, also have said that they may switch, and an administration official said more than a dozen members of the House have indicated privately that they are no longer certain they will oppose funding.

The administration-backed measure last week to provide the rebels with aid failed by two votes in the House.

"My personal opinion is that we are getting there," Langhorne A. Motley, the departing assistant secretary of state for Latin American affairs, said in response to a question at a State Department briefing about a possible shift in Congress. "It's a continuous process."

Mr. Motley and other administration spokesmen pointed out that many Democrats had said that they would back a trade embargo.

■ Cautious Latin Response

Honduras and El Salvador reacted slowly and cautiously Wednesday to the Reagan administration's embargo action. The New York Times reported from Washington.

Officials from both countries did not express opposition to the measure (Continued on Page 3, Col. 2)



Chancellor Helmut Kohl greeted President Ronald Reagan at the opening reception of the seven-nation economic summit at the Augustusburg Castle in Bonn on Thursday.

Kohl Supports Reagan On 1986 Trade Talks

By Axel Krause

International Herald Tribune

BONN — Chancellor Helmut Kohl, in a show of support for President Ronald Reagan, agreed Thursday that new global trade negotiations should begin early in 1986, the West German government spokesman said.

It was the first time that Mr. Kohl had publicly supported a date for the negotiations. The announcement came before the opening of the 11th annual summit meeting of the seven major Western industrial democracies. The meeting formally opened on Thursday evening.

But the U.S.-West German move, agreed on during a one-hour private meeting between the two leaders, quickly ran into French opposition. President Francois Mitterrand, who saw Mr. Reagan later, argued that trade talks should not be opened before they were adequately prepared.

The French leader also questioned the legality of the West German move, which is supported by Britain. He noted that European

Community foreign ministers decided March 19 to support the trade talks, but had specifically avoided setting a date.

According to West German and U.S. sources, who spoke before the French opposition became known, the West German stance would greatly improve the chances that the 1986 date would be included in the final communiqué at the summit meeting's conclusion on Saturday.

This would give Mr. Reagan a major diplomatic victory, and could also help Mr. Kohl, notably by removing some of the embarrassment and political attacks over the handling of Mr. Reagan's scheduled visit this weekend to the German military cemetery in Bitburg.

U.S. officials, meanwhile, reiterated that the Bitburg visit would still go ahead. "There is no change in the program," an official said. The West German government announced, however, that relatives of anti-Nazi resistors would attend the ceremony at Bitburg, apparently to assuage criticism of the visit.

During their conversation, Mr. Kohl and Mr. Reagan agreed that progress on liberalizing trade and opening of global markets should be a priority of the summit meeting, the West German spokesman, Peter Boenisch, said.

He said that Mr. Reagan and Mr. Kohl also agreed to support a move, backed by Prime Minister Margaret Thatcher of Britain and Prime Minister Yasuhiro Nakasone of Japan, that the new trade talks begin "as soon as possible, early 1986."

In a separate meeting, Foreign Minister Hans-Dietrich Genscher and the U.S. secretary of state, George P. Shultz, agreed to avoid any linking of the trade talks to monetary reform as sought by President Mitterrand.

Mr. Mitterrand has been opposing a firm date for trade talks until

an agenda has been agreed upon and until developing countries agree to attend. In addition, he has been calling for parallel moves to stabilize the U.S. dollar, whose strength he views as the main cause of protectionist pressure in the United States.

The U.S.-West German agreement raised the prospect that the French leader would be isolated at the summit meeting if he pursued his insistence that the gathering also make a new and specific commitment to strengthening the monetary system, as well as agree to a conference on monetary reform that would include developing and industrialized countries.

President Reagan, who held a series of bilateral talks with other participants before the summit opened, was asked at the beginning of his meeting with the French leader if he and Mr. Mitterrand would agree on holding the trade conference.

"We are going to find out things like that," Mr. Reagan said. He brushed off a question as to whether the administration would be willing to trade the monetary conference for the trade talks. "Let us have the meeting first," he said.

Michael Vauzelle, spokesman for the Elysée Palace, said that the atmosphere at Mr. Mitterrand's meeting with the U.S. leader was "relaxed, but firm." He said that Mr. Mitterrand also told Mr. Reagan that France had reservations about participating in the Strategic Defense Initiative until more was known about the scope and cost of the research project for space-based defenses against missiles.

Mr. Vauzelle ruled out France's participation in the trade talks and the space research projects unless the talks and substance of the issues were "adequately prepared."

Mr. Genscher and Mr. Shultz agreed in their meeting that they would take Mr. Mitterrand's view "very seriously."

But they failed to endorse the French idea that a separate conference was needed, possibly this year or in 1986, a West German official said.

Senate Votes, 51-48, to Limit Increase In 1986 Military Budget to Inflation

Compiled by Our Staff From Dispatches

WASHINGTON — The Senate voted Thursday, 51-48, to scale back President Ronald Reagan's proposed increase in 1986 military spending to the rate of inflation rather than allowing it to rise 3 percent above inflation.

By the same margin, the Republican-controlled chamber refused earlier to kill an amendment that had called for restraint in military spending. Later, the Senate gave formal approval to the amendment, rejecting the higher military levels contained in a budget compromise that was negotiated between the White House and top Republican leaders.

The votes came despite a vigorous lobbying effort by both President Ronald Reagan, who telephoned from West Germany, and by Defense Secretary Caspar W. Weinberger on Capitol Hill.

Twelve Republicans joined 39 Democrats in voting to keep the spending freeze alive, while eight Democrats joined 40 Republicans in trying to kill it.

The Pentagon buildup has "created a new set of welfare queens — defense contractors," said Senator Howard M. Metzenbaum, Democrat of Ohio, as he argued for a plan to allow a zero increase after inflation for military spending in 1986.

Senator Charles E. Grassley, Republican of Iowa, and other advocates of the provision said it was aimed at rooting out waste and inefficiency at the Pentagon and

that it would have no impact on national security. Even under the provision, military spending would rise by about \$20 billion next year.

But Senator Barry Goldwater, Republican of Arizona, charged that it had "become sort of a fetish with my colleagues in Congress that the only place we can reduce deficits is in the defense" budget.

The proposal not only scales back Mr. Reagan's military buildup, but marks the second time in as many days that a key element of the Republican deficit reduction plan has been defeated on the Senate floor. On Wednesday, the Senate voted overwhelmingly to strip from the package a \$2.7-billion

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Embargo of Nicaragua Appears Only Symbolic

By Bernard Gwertzman

New York Times Service

WASHINGTON — The decision to impose a trade embargo on Nicaragua was made more for symbolic reasons than out of any expectation that it would cause more than temporary economic hardship to the Sandinista government, according to Reagan administration officials.

Traditionally, economic sanctions against a country are taken either with military action — such

as those that the Truman administration imposed on China during the Korean War — or as a substitute for military moves, as during the first days of the Iranian hostage crisis.

But in recent years, sanctions by themselves have not brought political changes in the countries being punished.

From all indications, the Reagan administration's move was a substitute for military action rather than a precursor to it and was ordered because of the unwillingness of Congress to support military aid to the Nicaraguan rebels, known as "contras," a naval quarantine of Nicaragua or a U.S. military invasion.

NEWS ANALYSIS

In any event, military action now did not seem to be an alternative for President Ronald Reagan.

In preliminary discussions with other Latin American countries, U.S. diplomats were told that the administration could do whatever it wanted against Nicaragua except take military action.

"They told us we could impose sanctions or arm the contras," a top State Department official said, "but if we invaded Nicaragua they would oppose us." Other officials have said that military action would stir an enormous anti-American reaction and strengthen leftist movements throughout Latin America.

Frustrated by the refusal of Congress to approve \$14 million in aid to the rebels and annoyed by the uproar over Mr. Reagan's plan to visit the West German military cemetery at Bitburg on Sunday, senior aides to Mr. Reagan reportedly agreed that he had to rebound quickly and assertively.

In justifying the trade embargo and depriving Nicaragua's status of landing rights and its flagships of port facilities in the United States, administration officials spoke of the need to send a strong signal to Nicaragua, Cuba and the Soviet Union.

The administration would persist, the officials said, in pressing Managua to agree to U.S. demands to sever its close ties to the Communist world and to agree to negotiations, mediated by the Roman Catholic Church, between the Sandinistas and the rebels.

Administration officials said their action also would put Congress on notice that the White House would continue to seek changes in Nicaragua, with or without Democratic backing.

For some time it has been evident in the administration that some officials wanted to apply steady, concerted pressure, not excluding U.S. military force, against the Sandinistas. But so far they have been thwarted by the prevailing judgment that a quick Grenada-style operation was not possible and that the U.S. people and Latin American countries would not support an invasion without a provocation, such as a Nicaraguan invasion of Honduras or Costa Rica.

Langhorne A. Motley, the departing assistant secretary of state for inter-American affairs, said Wednesday that he could not rule out the possibility of other steps, such as a freeze on Nicaragua's assets in the United States.

Those assets were about \$200 million last year and the Nicaraguans are presumed now to be trying to get them back.

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A replica of the Godspeed being towed down the River Thames.

History Sets Sail Again for America

Ship Attempting to Recreate English Voyage of 1607

By Barnaby J. Feder

New York Times Service

LONDON — Looking improbably small against a backdrop of passing freighters, a replica of the sailing ship that carried the founders of Britain's first successful American colony lifted anchor on the River Thames and set out to duplicate the hazardous voyage.

Its destination is the Virginia coast at the mouth of the York River, where the original Godspeed and two sister ships, the Susan Constant and the Discovery, deposited the 104 tradesmen and farmers who founded Jamestown in 1607.

That was 13 years before the Pilgrims landed at Plymouth Rock in search of religious freedom and, to the annoyance of many Virginians, grabbed the historical limelight from their more business-minded predecessors. How far the Godspeed will go toward refocusing attention on Jamestown is unclear, but Britons who saw the ship here this week were fascinated.

"I crossed the Atlantic a couple of times during the war in a battleship," said Maxwell Cressy, a property executive who was one of about 800 people eyeing the 68-foot (20.4-meter) square-rigger as it bobbed at its mooring 150 feet offshore. "I sure wouldn't want to do it in that."

The 6,000-mile (9,600-kilometer) journey could be completed by July 4, if everything goes well for George Salley, the 52-year-old captain, and his 13-man crew. The ship will travel by way of the Canary Islands and the West Indies to take advantage of the trade winds.

Once safely home in the New World, in which it was built and crated before being sent to England, the \$600,000 vessel is to make short trips along the East Coast in an effort sponsored by Virginia to draw more attention to the Jamestown colony.

Mr. Salley, a computer scientist who normally works for the National Aeronautics and Space Administration on plans for colonizing outer

space, has the advantage of a space-age navigation system, synthetic sails (with 40 percent more capacity than the originals are thought to have had) and a tugboat-assisted run through the heavy-traffic heart of the English Channel.

Today's Godspeed would have looked familiar to the original settlers at first glance. Below the deck, however, they would find luxuries beyond comprehension: a modern galley equipped to turn out roasts, stews and fresh steaks in contrast to the dried meat, hard biscuits and tough cheese consumed by the settlers; bunk beds instead of deck planks for sleeping; and safety equipment such as fire extinguishers.

The biggest luxury of all is space. The original 14-man crew contended with 39 passengers and assorted pigs and chickens in a ship just over half as long again as a New York City bus and less than 15 feet wide.

Just about everything surrounding the Godspeed's departure would have dumbfounded Mr. Salley, the original captain, and his men. Mr. Salley's crew received last-minute visits from the Duke of Edinburgh and political luminaries, including Governor Charles Robb of Virginia. The Godspeed sailed from here without fanfare on December 20, 1606, reaching the New World 18 weeks later.

A mixed crowd enjoyed festivities surrounding the departure, including 200 Virginians. Many of them have supported the project since the idea to build a seaworthy Godspeed replica was broached in 1980.

The gathering also included many Britons from East Anglia, the region from which the 13th-century Godspeed sailed, and most of the other settlers emigrated. "I don't suppose they had any conception of what they were going to start," said Maxmum Webb, an Ipswich housewife related to one of the original settlers.

Beijing Ends Protest With Another Exile

By John F. Burns

New York Times Service

BEIJING — The first extended public dissent in several years has ended, with the demonstrators being sent back to Shaanxi province instead of being allowed to return to their former homes here.

More than two weeks ago, hundreds of men and women in their 30s and 40s, some with small children, began occupying the front steps of the city's Communist Party headquarters.

They had come from Shaanxi province, 200 miles (320 kilometers) to the west, by truck and rail to demand residence permits for Beijing, which they had left during the campaign to resettle Red Guards during the Cultural Revolution in 1966.

The police inhibited contacts between protesters and Western reporters by taking photographs of any protester seen talking to a foreigner. Toward the end of last week, foreigners were cleared from the forecourt of the building.

But by allowing the protesters to continue their sit-in, city officials seemed to convey a concern that the demonstration not be ended by force, which might have caused adverse reaction abroad.

In the end, the outcome was the same. Mayor Chen Xitong, who had refused to see the group's representatives last week, finally agreed to a meeting Monday, along with the city's party chief, Li Ximing. The protest broke up shortly afterward, apparently under some form of duress. City officials said later that the protesters were on their way back to Shaanxi.

Accounts of the meeting in the evening newspaper, Beijing Wenbo, indicated that the demonstrators had been rebuffed by the two city officials.

"This action is totally wrong," Mr. Chen was quoted as saying. "The tactic of obstructing public order is a leftover poison of the Cultural Revolution and must be rectified. Young people must stress ideals and discipline. Return quickly to your units and make contributions to Shaanxi's construction."

It was the first time a protest had been reported in the controlled Chinese press, although news of the sit-in had passed rapidly through Beijing by word of mouth.

Many young people seemed excited by the development. Although the administration of Deng Xiaoping, China's leader, has relaxed controls, there is still frustration, particularly among young people, over the slow progress in opening up the political process.

For the demonstrators, there was

(Continued on Page 2, Col. 5)



Rebecca Quijano testifying in a Manila courtroom on how she saw a Philippine soldier shoot Benigno S. Aquino Jr.

Witness Says She Saw Soldier Shoot Aquino

New York Times Service

MANILA — The first witness to acknowledge having seen the murder of Benigno S. Aquino Jr. in August 1983 testified in court Thursday that the former Philippine opposition leader was shot by a military man.

The witness, Rebecca Quijano, said: "I saw a soldier holding a gun aimed at the back of Senator Aquino's head and, simultaneously, I heard a gunshot."

Miss Quijano said that one of Mr. Aquino's military escorts shot him while he was on the steps leading down from the commercial airliner that brought him back to the Philippines on Aug. 21, 1983, after three years of self-imposed exile in the United States.

Her testimony supports the conclusion reached in October by a

citizen's fact-finding board that Mr. Aquino was killed in a military plot. It is a setback to the defense of 25 military men and one civilian who are accused of murdering Mr. Aquino.

Those charged include Fabian C. Ver, the former Philippine armed forces chief of staff, who is a close friend of President Ferdinand E. Marcos.

The military men deny that they were responsible for Mr. Aquino's death. The government investigation immediately after the assassination concluded that Mr. Aquino was shot on the tarmac of the Manila International Airport by Rolando Galman, a lone gunman with Communist affiliations.

The prosecution maintains that Mr. Galman was set up by the military men.

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'Social Volcano' Erupts in Philippine Area

By Steve Lohr
New York Times Service

BACOLOD, Philippines — Almost every day here and in most surrounding towns, one sees the funeral processions that people say have become increasingly common in this province of the central Philippines.

Along the roadside about a dozen people walk slowly, two of them carrying an infant's coffin. Children, most of them the offspring of impoverished sugar workers, are dying of starvation or more often of tropical diseases worsened by severe malnutrition.

"Hunger is the issue here now," said Bishop Antonio Y. Fortich of Bacolod.

Yet while hunger is the most pressing concern, the province of Negros Occidental, the sugar country of the Philippines, has broader social, economic and political problems that reflect those afflicting the whole nation.

The gap separating the rich and poor is pronounced throughout the Philippines, but particularly so in this province, with its gulf between the landless workers and the affluent hacienda owners. This year's crop in the province, where half of the nation's sugar is grown, is expected to be down by nearly 40 percent.

As poverty has worsened, a Communist insurgency has expanded more rapidly in the province than anywhere else in the Philippines, according to foreign and Philippine military analysts.

The New People's Army, the military wing of the banned Communist Party, was said in 1982 to have 30 to 50 armed regulars in the province. Now, estimates of the guerrillas' strength range up to 1,000, and there are reportedly several thousand sympathizers willing to offer them food and shelter.

Residents are gripped with a sense of crisis. "This province is a social volcano," said Daniel L. Lason Jr., a 38-year-old business leader. "The threat is real."

The future of the province, like that of the Philippines, may be determined by the race between belated social change and the alterna-

tive offered by the rapidly growing Communist insurgency.

Heavy debts limit the ability of President Ferdinand E. Marcos's government to help the area. A special task force has been set up to address the problems of an estimated 300,000 sugar workers now facing unemployment as the harvest and milling season end.

"The government comes out with big press releases and nothing else," said Leonardo J. Gallardo Jr., executive vice president of the Negros Economic Development Foundation, a private organization.

In a striking break with the ways of the past, some of the sugar planters themselves are seeking

'People are beginning to listen to us,' said a land reformer.

ing a change in policies. A handful of hacienda owners are permitting workers to use some of the plantation lands to grow food and cash crops.

The land-sharing effort is led by a group of young progressive planters, often sons of the men whose names are seen on street signs throughout the province. Although the private drive has been widely praised, skeptics say the gesture is too little and too late.

Communist rebels say they are working for constructive change. Their violence, they argue, is justified because it is the only method to counteract the Philippine military, which they say frequently kills and tortures civilians to stifle opposition to the Marcos government.

"A change is due in this old and corrupt political system," said Commander Benz, a 36-year-old guerrilla leader in the province. The commander, who was educated at the University of the Philippines, added: "We hope it will take place with the least possible bloodshed. We have established peace and order in all the areas where we operate."

A history of looting and physical abuse by the

military in the region has increased the ranks of Communist sympathizers. In his Roman Catholic parish in the southern town of Kabankalan, Monsignor Josefin Ilodan remarked, "In the barrios, people are more frightened by the military than by the New People's Army."

It was the advance of the Communist insurgents that made many hacienda owners receptive to the idea of giving workers the use of land to grow food over the past year.

The land-sharing effort is seen as a program to deal with the immediate problem of hunger and to give the province time to diversify into other agricultural products. The goal of the planters is to lead the workers 10 percent of the 500,000 acres (200,000 hectares) of sugar farms in the province by the end of the year.

"People are beginning to listen to us — they're scared," said Michael K. Suarez, a 39-year-old planter and a leader in promoting land-sharing.

Mr. Suarez's experience with land-sharing on his 500-acre farm 25 miles (40 kilometers) northeast of Bacolod illustrates both the benefits and the difficulties created by this brand of reform.

Last April, he told the 135 families on his hacienda that they could grow crops on 85 acres of his land. On half, they had exclusive use of the land; on the other half they could plant sweet potatoes, peanuts, mung beans, rice and vegetables between the rows of sugar cane — a method known as intercropping.

The workers and Mr. Suarez, who gave them seeds and encouragement, agree that the program has been a success. The laborers ate half of last year's harvest and sold the other half, with each family receiving an average of \$30 in cash enabling it to buy a little more food or clothing or to pay for a child's school tuition.

Mr. Suarez recognizes that his workers' attitudes have been altered permanently. "Once this has started," he said, "I can never go back. My workers have become independent and self-reliant. They will never go back to being dependent on me to feed them."



Filipinos cut sugar cane in the fields of Negros Occidental.

WORLD BRIEFS

Tass Says U.S. Is 'Poisoning' Relations

MOSCOW (WP) — Tass, the Soviet news agency, accused the United States on Wednesday of "poisoning the atmosphere" of U.S.-Soviet relations with its reaction to the shooting death of a U.S. Army major by a Soviet sentry.

The mention of the March 24 shooting of Major Arthur D. Nicholson Jr. in East Germany was the first in the Soviet press since U.S. and Soviet military officials met last month to discuss ways of preventing similar incidents.

Tass affirmed that both sides had pledged at the meeting not to use weapons in detaining or expelling members of military liaison missions.

But it also restated the Soviet position that Major Nicholson had been caught spying and was shot not as a member of a liaison mission but as "an unknown trespasser."

"On the whole, the meeting, it would seem, promoted settlement of the situation," Tass said.

2 U.S. Diplomats Detained in Poland

WARSAW (AP) — Poland accused two U.S. diplomats Wednesday of taking part in an illegal May Day parade in the southern city of Krakow, while the U.S. Embassy denied the allegation and asserted that the diplomats were misinterpreted by the police.

PAP, the official Polish news agency, said that the U.S. consul in Krakow, identified as David Hopper, and a first secretary at the embassy in Warsaw, identified as William Harwood, were among 15 people detained for being part of an "aggressively behaving leading group of the illegal parade." The group, PAP said, was "chanting anti-state slogans, carrying posters of hostile contents and throwing leaflets."

The U.S. Embassy, in a statement, called the assertions "completely erroneous" and said the United States had protested the "physical mistreatment and detention of these two accredited diplomats." The statement said that one was "pushed, struck, kicked and forced" into an unmarked police vehicle when the two Americans protested their detention and showed the police their diplomatic identity cards.

Jail Term Asked for Alleged Oslo Spy

OSLO (AP) — A prosecutor demanded on Thursday the maximum allowable prison sentence, 20 years, for Arne Treholt, a former diplomat charged with spying for the Soviet Union. The prosecutor also called for the confiscation of Mr. Treholt's bank holdings of 1.1 million kroner (about \$122,000).

The prosecutor, Lasse Qvigstad, asked the court to find Mr. Treholt guilty of all 40 charges mentioned in an indictment accusing him of having passed classified information to the Soviet Union and Iraq since 1974. On Monday, Mr. Qvigstad described the Treholt case as "the most serious espionage affair in Norway since World War II."

Under Norwegian law, 20 years is the longest sentence permitted for any crime. Defense attorneys were expected to respond beginning Thursday, and to call for an acquittal. Mr. Treholt has denied assertions by the police that he confessed. A verdict is expected by mid-May.

Israel Is Said to Deploy Nuclear Arms

WASHINGTON (Reuters) — Israel has deployed a number of nuclear-tipped missiles in the Negev Desert and the Golan Heights, the U.S. newsletter Aerospace Daily reported Thursday.

The influential publication, quoting unidentified sources, said the intermediate-range Jericho-2 missiles were mounted on trucks and supported by nuclear-hardened underground facilities.

Israel is widely believed to have the capability to build nuclear weapons, but it never has acknowledged possessing or deploying any of the weapons. U.S. officials routinely refuse to answer questions on the subject.

U.S. Panel Votes to Sanction Pretoria

WASHINGTON (AP) — The House Foreign Affairs Committee, which is controlled by Democrats, voted 26-6 on Thursday to impose economic sanctions against South Africa for its system of racial apartheid.

The legislation, opposed by the Reagan administration, would prohibit new U.S. investment and loans in South Africa if approved by the full House of Representatives and Senate. It also would suspend the sale of U.S. computers to South Africa and shut off imports of the South African gold coins called Kruggerands.

All six negative votes came from Republicans, who argued that the sanctions would worsen conditions for the black majority in South Africa rather than encourage improvement in race relations there.

NAACP Sues U.S. Justice Department

NEW YORK (NYT) — The National Association for the Advancement of Colored People has filed suit against the U.S. Justice Department in an attempt to block the government's effort to overturn quotas for the hiring of minority people and women.

The lawsuit, filed Wednesday in federal district court in Washington, came two days after a Justice Department motion to modify the affirmative action programs used by the police and fire departments in Indianapolis.

Officials of the civil rights organization said the suit was planned before the government's move Monday. They said it was in response to letters sent by the Justice Department earlier this year to 50 states, counties and cities, including Indianapolis, urging them to remove numerical goals and quotas in affirmative action plans.

For the Record

Argentina and Chile signed an agreement Thursday settling their dispute over the Beagle Channel, in a ceremony presided over by Pope John Paul II at the Vatican. The accord, mediated by the Vatican, assures Argentine maritime sovereignty in the South Atlantic and limits Chile's sovereignty to the South Pacific.

A suspected leader of a major cocaine trafficking ring, who is also a suspect in the killing of a U.S. drug enforcement agent in Mexico, was arrested Tuesday in Cartagena, Colombia. The man, Juan Ramon Matia Ballesteros, was one of four suspects in the murder of Enrique Camarena Salazar, the drug agent, who was abducted in February.

The ruling white National Party in South Africa has won three mid-term special elections, which were seen as tests of support for the limited steps taken to reduce official racial segregation.

Iran will hold presidential elections before July 22, the Interior Ministry said Thursday. President Ali Khamenei, Iran's third president since the 1979 revolution, completes his four-year term in September. (Reuters)

UN Defends Ethiopia Over Camp Expulsions

ADDIS ABABA — The highest ranking United Nations official in Ethiopia said Thursday that the evacuation of more than 50,000 famine victims from their camp had been necessary and voluntary but had been done with too much haste and too little preparation.

The UN special representative in Ethiopia, Kurt Jansson, said after visiting the camp at Inbet in northern Gondar province: "The economic principles of helping people to go back to their villages abandoned due to drought is justifiable." He added, however, "Too much haste and lack of preparation was evident."

The government had asked the people to return to their homes to start cultivating their land because rain had fallen.

Officials of Ethiopia's Relief and Rehabilitation Commission said that 51,000 of the camp's residents had been moved in 27 days, including 35,000 since Tuesday, leaving 15,500 people of whom 3,500 were children.

Mr. Jansson said the refugees' huts at Inbet had been burned after the occupants had left to avoid health hazards.

[The Ethiopian government has arrested the official responsible for burning the relief camp, United Press International quoted a UN spokesman, Djibril Diallo, as saying Thursday in New York.]

Mr. Diallo said at a news conference that Mr. Jansson would meet in Addis Ababa on Friday with the Ethiopian leader, Lieutenant Colonel Mengistu Haile Mariam, to voice "UN concern" over the incident.

Mr. Jansson said he did not foresee much suffering by those who had been expelled because relief workers said the refugees had been given sufficient provisions, seed and farm tools.

Dawit Wolde Giorgis, head of the government Relief and Rehabilitation Commission, denied a press report that the famine victims had been forcibly removed, calling the story "groundless and false."

U.S. Criticizes Expulsions

The U.S. government has deplored the expulsions and called on the Ethiopian government to take "immediate steps" to rectify the situation. The Washington Post reported Wednesday.

The director of the Agency for International Development, M. P. McPherson, called the action "brutal" and "barbaric," and said it amounted to the imposition of a "death sentence" on thousands of residents of the camp.

Swedish Services Slow As Civil Servants Strike

The Associated Press

STOCKHOLM — About 20,000 key Swedish civil servants went on strike Thursday to back demands for higher pay, paralyzing air traffic, shipping and other services.

The Civil Service Employers Board responded with a promise to lock out another 100,000 employees starting Friday, including most of the country's teachers. This would close down practically all universities and high schools in Sweden.

"We have no other choice," said Birger Backstrom, director general of Statens Arbetsmarknad, the employers' agency.

Air traffic controllers, custom officers, railroad freight dispatchers, teachers and patrolling police officers stopped working as last-minute government mediation efforts failed. The union selected people in key posts from its 265,000 members throughout the civil service to join the strike.

All civilian air traffic came to a halt and Scandinavian Airlines System, or SAS, moved its fleet to Oslo and Copenhagen in an effort to maintain international flights.

The strike could worsen the recent deterioration in the Swedish balance of trade, which is another problem emerging for the government.

The latest figures released by the Central Statistical Office showed that the country's trade surplus slumped to only 1.6 billion kroner (\$181 million) in the first quarter of this year from a surplus of 9.4 billion kroner in the corresponding period last year.

In speeches Wednesday, Mr. Palme and other cabinet members expressed sharp criticism of the union.

"No group can avoid its responsibilities to the nation's economy," Mr. Palme said.

Stig Malm, chairman of Landsorganisationen, Sweden's biggest trade union confederation, noted that some of the federation's members settled last year for less than what was being demanded by the government workers.

"What would happen if everybody went on strike?" Mr. Malm asked.

The strike by customs agents hit hard at Sweden's weakening foreign trade, virtually stopping exports as well as imports of such goods as fruit and vegetables needing customs clearance.

The civil service board rejected the union's demand for an immediate pay increase of 3.1 percent, offering only 2 percent starting next January. The union referred to a compensation clause that could give its members an extra raise to be even with private industry.

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U.S. Contends Moscow 'Backtracked' at Geneva

By Don Oberdorfer and Walter Pincus
Washington Post Service

WASHINGTON — The Soviet Union refused to discuss U.S. offers to limit offensive nuclear arms during the first round of the Geneva negotiations, which ended last week, and "backtracked" from earlier Soviet offers, a State Department official said this week.

Moscow's negotiators insisted on the "banning" of President Ronald Reagan's space weapons plan as a first step toward any reduction in the offensive area, according to a senior Reagan administration official. The official made his comments Tuesday as U.S. negotiators at Geneva briefed Mr. Reagan on the talks.

No progress was made toward resolving the disputes over compliance with earlier arms agreements, notably a big radar system now under construction in Siberia, the official said.

Disclosing details of the first six weeks of the Geneva negotiations, the official said in a State Department briefing that Soviet intransigence had been anticipated and that it probably would continue for the foreseeable future.

This gloom assessment of the opening round of talks paralleled that of the Soviet leader, Mikhail S. Gorbachev, before the Communist Party Central Committee last week. "The completed first stage of the Geneva talks," Mr. Gorbachev said, "already indicates that Washington does not seek agreement with the Soviet Union."

Both sides began the talks insisting on confidentiality as a sign of seriousness of purpose and an essential ingredient of real progress. The U.S. "background briefing," the most extensive account so far

made public, was justified on the grounds that Mr. Gorbachev has discussed the negotiations in two recent speeches and that his foreign minister, Andrei A. Gromyko, had set forth Soviet positions in a January news conference.

The Soviet approach to the first round at Geneva "concentrated on providing a base for their propaganda efforts," according to the U.S. official. He expressed the view that Moscow would seek to force Washington to make concessions under the pressures of public opinion in the United States and in Western Europe, and that the Soviet position would change only if and when the public campaign failed.

In returning to Geneva after boycotting arms talks for more than a year, the Russians insisted that these are "new negotiations." It was suggested that this is part of their rationale for revising earlier arms positions.

Despite Mr. Gorbachev's statement on Friday that Moscow, "by way of an opening move," had suggested 25-percent cuts in offensive strategic armaments, the Soviet side did not make such a proposal in Geneva, the official said.

A proposal for a major cut in missile launchers, but not in warheads, had been made by the Russians in earlier negotiations, he said. Previously, they also had been willing to discuss numerical limits on air-launched cruise missiles, but now are insisting that these weapons be banned.

The Russians, in earlier negotiations, had discussed a freeze on the number of SS-20 missiles in Asia, in response to U.S. insistence on "global limits." This apparently has been withdrawn, according to the official.



Gary Dotson meets the press after he was freed.

Illinois Man, Freed on Bail, To Appeal Rape Conviction

Washington Post Service

DIXON, Illinois — Gary Dotson has been released on \$10,000 bail after six years in prison, pending appeal of his conviction for a rape that the accused said had never happened.

In a hearing last month, Mrs. Webb, 23, married and living in New Hampshire, said she had falsely accused Mr. Dotson because she feared becoming pregnant by a teen-aged boyfriend.

On Tuesday, an Illinois Supreme Court justice, Seymour Simon, ordered Mr. Dotson released, pending appeal. His lawyer has petitioned for a new trial and dismissal of the original verdict.

and raping Cathleen Crowell Webb two years earlier, when she was 16. He has served six years of a 25- to 50-year sentence.

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Mr. Dotson, 28, was found guilty in 1979 of kidnapping

London Institute Calls SDI Destabilizing

By Karen DeYoung
Washington Post Service

LONDON — The Reagan administration's Strategic Defense Initiative could damage international stability, encourage a first-strike strategy for the superpowers and lead to a defense rift with European allies, according to a leading institute for military research.

In its annual strategic survey released Friday, the International Institute for Strategic Studies, based here, said the administration's space-based defense program against missiles, popularly known as "star wars," promises to be the most controversial issue of the coming year.

The survey described 1984 as a year when East-West relations largely "marked time."

Neither the course of events in 1984 nor the exchanges in the early months of 1985 raises hopes that the time was used fruitfully, it said.

Although the Soviet Union appears to have set aside its insistence that Western cruise missiles and Pershing-2 missiles be removed from Europe before arms control negotiations could proceed, the institute said the space defense proposal had opened "a controversy which will run for many years."

The report said the proposal struck at the heart of strategic policy "because strategic defense conflict with the logic of assured mutual vulnerability—the founda-

Mikhail S. Gorbachev, but noted that "there are as yet no signs that there will be much change in Soviet foreign policy."

Additionally, it said, the Russians are likely to run into increasing problems of "alliance management" in Eastern Europe, where "her allies are a declining asset."

With no signs that either superpower intends to change policy in order to "bridge the gap" between them, the institute said the space defense proposal had opened "a controversy which will run for many years."

The report said the proposal struck at the heart of strategic policy "because strategic defense conflict with the logic of assured mutual vulnerability—the founda-

tion of stability between the superpowers for over 20 years."

Noting that "a substantial body of scientific opinion disputes the feasibility of the SDI on technical grounds," the institute said that the United States' entry into a mixture of strategic defenses would make a "re-examination of the foundations" of nuclear defense and deterrence necessary.

Such a re-examination "will call for a major intellectual effort (and much more clarity of thought than has yet been shown) on the part of governments and opinion leaders in East and West," the report said.

Echoing a concern voiced by several West European governments, the survey said that even if the Strategic Defense Initiative were to prove feasible, "it could damage stability rather than strengthen it."

If, during a shift from deterrence to anti-missile defense, "should one side have strategic defenses which the other does not, a first-strike strategy becomes more thinkable," the institute warned.

In addition, it said, "defenses against ballistic missiles may encourage the further development of other means of strategic attack."

Senate Votes to Limit Arms Spending

(Continued from Page 1)

curtailment in Social Security cost-of-living increases.

Mr. Weinberger lobbied senators personally before the military vote, telling reporters that a zero increase after inflation "is not a defense program, it's a prescription for weakening the United States."

Mr. Reagan lobbied by telephone from Bonn, where he is attending economic summit talks, the seven leading industrialized nations.

Mr. Reagan and Senator Robert J. Dole, the Republican majority leader, also were struggling to keep a Republican package of spending cuts from unraveling.

The budget package, before the Social Security vote, would have reduced the deficit by \$32 billion next year and by nearly \$300 billion over three years by eliminating and cutting many domestic programs and allowing the military budget to increase. The Social Security amendment reduces the pro-

jected deficit reduction by \$2.5 billion next year and by \$21 billion over three years.

Mr. Dole said an amendment to restore full cost-of-living increases to veterans, civil service and military retirees would also pass, and there were more than 60 amendments pending to restore proposed cuts in a variety of other programs.

In all, the Republican plan was designed to cut deficits to below \$100 billion by 1988, a figure disputed by both Democrats and the nonpartisan Congressional Budget Office.

In Bonn, Larry Speakes, a presidential spokesman, said, "We have always regarded these votes that take place during the week—there will be 50 or 60 of them—as part of the initial skirmishing that will take place as the budget heads toward final approval. We don't think that this Social Security vote is the end of the world, as some are suggesting."

The military debate centered not on whether to allow an increase, but on how large it should be.

"I don't think we should be playing bingo with our national security," said Senator Dan Quayle, Republican of Indiana, deriding senators who said they wanted to hold the rise in spending over the next three years to "zero, three, three," the after-inflation percentage increases proposed in the amendment.

But Senator Mark O. Hatfield, Republican of Oregon and chairman of the Senate Appropriations Committee, said in a statement it was "ludicrous to expect Americans to swallow enormous cuts in domestic programs while the Department of Defense continues its growth unabated."

The budget agreed upon by Mr. Dole and Mr. Reagan would allow spending authority to rise by 3 per-

cent after inflation in each of the next three years. It would give the Pentagon \$24 billion more in 1986 than the estimated 1985 outlay of \$252 billion, a figure that nevertheless is below the level Mr. Reagan recommended in January.

Mr. Grassley and Mr. Hatfield proposed a \$21 billion increase for 1986 by holding the spending authority increase constant with inflation. For 1987 and 1988, the proposal called for after-inflation increases of 3 percent, but the cumulative effect would be to reduce the buildup by \$17.7 billion from the Reagan-backed level. (AP, UPI).

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Shuttle Scientists Make Progress in House Cleaning

The Associated Press

HOUSTON — Using a vacuum cleaner and plastic bags, scientists aboard the Challenger considerably reduced but did not completely stop the flow of animal food and feces into their space shuttle Thursday, and they reported that an ailing monkey appeared to have recovered.

"I can't think of any better way to do it other than having some sort of bag that would fit over the whole cage," said Dr. Norman E. Thagard, one of two physicians on the flight. "Unfortunately, we cannot completely eliminate the explosion of all particles of food and feces into the cabin."

Still, scientists said, they were very pleased with the round-the-clock research being conducted in two shifts in the \$1 billion, 23-foot-long (7-meter) Spacelab mounted in the shuttle's cargo bay.

Wednesday, feces from one of the two monkey cages escaped and floated into the cockpit, more than 25 feet from the module where the animals are housed in the European-built Spacelab.

"Feces in the cockpit isn't all that much fun, guys," the mission commander, Colonel Robert F. Overmyer, said in an exasperated tone. "That really has me concerned. If we have monkey feces up here, we surely don't have any health stabilization up in this area."

During intrashuttle communications overheard on Earth, the air force colonel said, "How many years did we tell them those cages weren't going to work? That's really discouraging if we're going to get monkey feces up here. Son of a gun."

Of the squirrel monkey known as Primate No. 1, which had been moping in a corner, Dr. Thagard said, "He's moving around a bit. He came to the front of the cage and looked out. He's certainly drinking a lot of water now. He was really going at it. He doesn't seem all that interested in food yet, but he appears to be in no trouble and that should pick up, too."

The shuttle's crew also shut down a second failed experiment Thursday and flight managers in Houston decided not to extend the mission beyond its planned Monday landing. They had considered extending the flight an extra day to gain more scientific data, but they

determined there was not enough fuel for an extension.

Overnight, specialists on the ground worked out a new procedure for changing food trays in the cages that house 24 rats and the two monkeys. On earlier tray changes, large amounts of food particles and rodent pellets had escaped and floated throughout the shuttle.

Dr. Thagard and Lodewijk van den Berg, a chemist, were assigned to try out the new procedures. They first cut power to the cages, shutting off the flow of air that had helped the waste matter to escape.

With Dr. Thagard slipping plastic bags over the end of each old

tray before extracting it, and Mr. van den Berg using a hand-held vacuum to sweep up particles that escaped, they needed more than 90 minutes to complete the change.

Meanwhile, an instrument that had been studying the chemistry of the upper atmosphere was shut down because pressure had been lost in a later pointing system.

Mission Control said the experiment had made 25 successful data-collection passes that should provide considerable information about the effect of manmade pollutants on the atmosphere.

The failure of the atmosphere-measuring instrument left 12 of the

15 experiments operating at 100 percent and two abandoned, with experts on the ground trying to find a way to repair another that had an electrical short.

That latter experiment is designed to study the effects of weightlessness on fluid drops.

Specialists on the ground said they hoped to have a solution later Thursday. Taylor G. Wang, a physicist who is operating the experiment, said, "I refuse to come home until I get this thing fixed."

Scientists were especially pleased by the performance of two Spacelab machines that are taking advantage of weightlessness to produce electronic crystals.

Many in Congress Back Embargo

(Continued from Page 1)

asures taken by the United States, but they also did not indicate an intention to join the embargo.

Foreign Minister Edgardo Paz Barmén of Honduras, who is part of a high-level Honduran delegation visiting Washington this week, said in an interview that Honduras had no plans to introduce an embargo against Nicaragua, but would consider doing so if the other Central American countries decided on joint action.

He said Honduras would not take the initiative in organizing such action.

Pablo Mauricio Alvergue, the Salvadoran ambassador to the United States and a prominent member of the governing Christian Democratic Party, said his govern-

ment was surprised by the speed with which the Reagan administration took the decision and that El Salvador was still analyzing it.

"We had not expected anything so soon," he said.

In terms of the potential effect, however, he said the latest measures against Nicaragua could contribute "to making the situation in Central America more serious—the conflict could take a more serious turn."

■ Other Nations React

Canada said Thursday that it did not agree with the embargo decision. Reuters reported, "The U.S. position is not shared by Canada," an official said.

The Australian government condemned the embargo and criticized the Reagan administration Thursday

day for not consulting Australia before imposing it, United Press International reported.

Australia's foreign affairs minister, Bill Hayden, said, "I consider the action severe and unlikely to bring the Sandinistas to heel, but rather increase their resolve to withstand United States pressure."

The Soviet news agency Tass accused President Reagan on Thursday of venting a "pathological hatred towards the Sandinista revolution" with the imposition of the economic embargo. The Washington Post reported from Moscow.

Tass accused Washington of "playing up its dispute" with Managua in order to lay the groundwork for a military invasion in Central America.

Embargo on Nicaragua Seen As Mainly for Symbolic Effect

(Continued from Page 1)

ing to withdraw them quickly. Other moves under consideration are a ban on travel to Nicaragua and a break in diplomatic relations.

He said that Mr. Reagan "is looking for different ways to get the attention of Nicaragua."

A major question was whether the Soviet Union would try to gain an even larger foothold for itself after the embargo. In 1980, 30 percent of Nicaragua's trade was with the United States and 1 percent was with the Soviet bloc, but by last year American trade had fallen to 17.5 percent of the total and trade with the Soviet bloc had risen to 20 percent.

Of more importance to Washington and its Latin American allies, of course, is that the Soviet Union and other East bloc countries have built up Nicaragua's military arsenal considerably.

The Reagan administration, like its predecessors, will go to some lengths to prevent "another Cuba." Presumably, the Russians are aware of the risks of testing the United States, and that may be why Mikhail S. Gorbachev, in his meeting this week with President Daniel Ortega Saavedra of Nicaragua, lim-

ited his expressions of public backing to "economic development and also political and diplomatic support."

For the moment, the U.S. trade embargo is limited to direct commerce between the United States and Nicaragua and is not so restrictive as it could have been. For instance, it exempts U.S. subsidiaries in third countries from the ban.

The administration also has no plans to press allies to follow suit. Mr. Motie said, although they are being briefed on the U.S. measures.

Secretary of State George P. Shultz, who has repeatedly warned against imposing economic sanctions "that shoot us in the foot," was said to have prevailed in not turning the Nicaraguan embargo into a test case of allied solidarity.

The official reasons given for the embargo were a mixture of previously used arguments about Nicaragua's ties to the Soviet bloc and that it was making aggressive moves in Central America. Mr. Ortega's visit to Moscow also was mentioned.

Under the law, a president who invokes trade sanctions on national security grounds must declare, as Mr. Reagan did Wednesday, that "the policies and actions" of a country—in this case Nicaragua—"constitute an unusual and extraordinary threat to the national security and foreign policy of the United States and hereby declare a national emergency to deal with the threat."

The words "national emergency" conjure up wartime mobilization, but officials said this was a technicality and should not be taken literally. But the announcement, with its provocative language, had the effect of leaving the impression that more may happen eventually.

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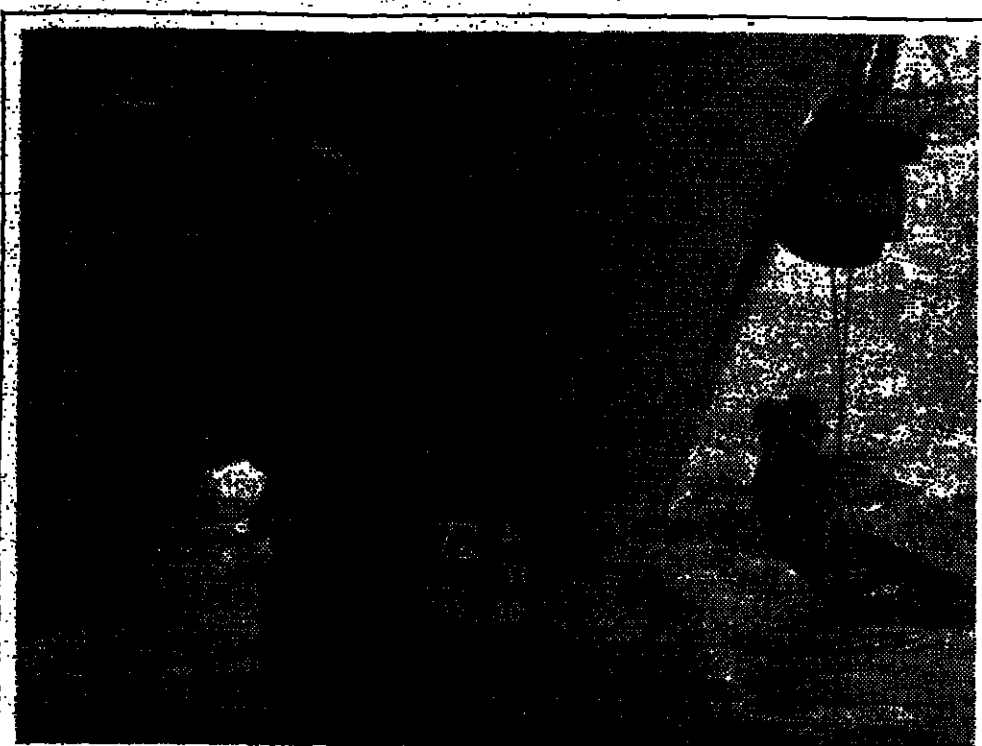
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HARD ASTERN — Two members of the Greenpeace conservationist group hung onto a boat's hull as it left Antwerp, Belgium, on Wednesday. Greenpeace failed to prevent the ship from leaving port with what the environmentalists said was a cargo of acid and heavy metal waste to be dumped at sea.

Under Official Pressure, France's Press Now Bridles

By Joseph Fitchett
International Herald Tribune

PARIS — When France's Socialists chanted "victory" four years ago in the Place de la Bastille, their cheers for President François Mitterrand alternated with screams for the dismissal of newscasters on state-run television who had been accused of subservience to the previous government.

French journalists still talk about "the Bastille Syndrome," the accusations of bias against colleagues who were too prominent on television in a period of political confrontation.

Four years ago, many television and radio journalists lost their jobs. It was an indication that, despite campaign pledges to the contrary, the Socialists intended to continue the French tradition of government interference in the media.

Now, with national elections due next year, political clouds are gathering again over the press.

This week, for example, Mr. Mitterrand, who had been shunning press conferences, has scheduled two long appearances on the state-

run television. Both appeared to be tailored to flatter the presidential image.

On Sunday, Mr. Mitterrand lent himself to a slick, folksy 90-minute interview interspersed with excerpts from popular movies and videos of American rock stars appealing for help for Africa's famine victims. At some points, the program captured half the viewing audience, a record for a political broadcast in France.

On Friday, another channel is scheduled to show a portrait of the man in the presidency.

Amid the gathering political pressure before next year's legislative elections, which polls say the Socialists may lose, French journalists are trying to protect their reputations and their professional future beyond the elections.

Lately, resignation has been a favored technique. At Le Matin, which supports the government, more than half the 80 top editors, reporters and columnists have resigned over the past week to protest the appointment of a former presi-

dential spokesman, Max Gallo, as editor in chief.

In late March, France's leading television journalist, Christine Ockrent, quit her job as anchorwoman at Antenne 2, one of the state-owned networks. She and two other senior news executives left amid fears that the network planned less objective news coverage under a new government-appointed boss.

The upheaval revealed new tensions in France's perennially uneasy relationship between press and presidency.

French leaders have frequently relied on authority rather than skill to manipulate the media. Television, for example, came to France a decade later than in many other Western European countries, and it is still a government monopoly.

But the imminent arrival of private commercial television is intensifying demands for journalistic independence. Today, "the media will no longer simply do the ruler's bidding," said Alain Duhamel, a political commentator who has just written a book on French political

habits. *Le Complexe d'Astérix*, or *The Asterix Complex*.

Politicians, he said, will have to become more adroit in political communication. For example, the Socialists, in their first year in office, used their power over French television to go on the air frequently. The result, Mr. Duhamel said, was overexposure, which hurt the Socialists' popularity ratings.

A similar approach was used institutionally. An oversight body called the High Authority was set up to guarantee broadcasters' independence, and Pierre Desgraupes, a respected professional, was named to head Antenne 2, one of France's three government-run networks.

But as that channel developed a reputation for objectivity, he was prematurely retired late last year.

His job went to Jean-Claude Hébert, a respected television journalist who happened to be close to Mr. Mitterrand. When he arrived at Antenne 2, he made it clear that the network was expected to report more good news. "Trains that arrive on time are news, too," Miss Ockrent quoted him as saying.

Miss Ockrent's resignation, when she was extremely popular, left her in a strong negotiating position for a television comeback.

A soft landing was also available for the journalists who resigned from Le Matin, since French law enables journalists to quit with handsome severance payments and unemployment benefits when a new editor is appointed.

The painful part, said Vincent Lahu, the political editor, is that "we spent three years trying to develop Le Matin's credibility, and the government, instead of understanding, stepped in to destroy it."

The new editor in chief, Mr. Gallo, is a best-selling novelist and former magazine columnist who was elected to the National Assembly. Then he became spokesman for the government, a job he left last year.

Pressure from the president's office ensured that he was named to the top job at Le Matin, according

to reports in Le Monde and other newspapers.

In denouncing Mr. Gallo's arrival, journalists who left Le Matin were vehement: The Socialists have "nationalized" the newspaper, wrote Bernard Frank, a French novelist whose weekly column had a strong following among intellectuals.

"I can imagine the happiness of militant Socialists who want a morning diet of certainties, now that they will have a big modern daily all to themselves, enlivened by the ardent verve of the former official spokesman," Mr. Frank wrote in his farewell column.

U.S. Seeks to Bar Mexico's UN Envoy

Los Angeles Times Service

MEXICO CITY — The United States is seeking the removal of Mexico's ambassador to the United Nations, Porfirio Muñoz Ledo, diplomatic sources said.

Behind the move, the sources said Wednesday, is Mr. Muñoz's involvement in an incident in New York on April 5, which they described as "a fairly serious breach of diplomatic protocol."

The United States has not made a formal request for the recall of Mr. Muñoz, the sources said, because it does not want to appear to pressure President Miguel de la Madrid.

The incident occurred outside Mr. Muñoz's Manhattan apartment. New York City police said that a Scarsdale, New York, man complained that Mr. Muñoz shattered the windshield of his car by hitting it with a pistol because the car was infringing on Mr. Muñoz's reserved parking space.

If YOU GET A KICK OUT OF SOCCER, READ **ROB HUGHES** WEDNESDAYS IN THE IHT

Media Heat Wave Runs Afoul of Bonn's Chilly Spring Fog

By James M. Markham
New York Times Service

BONN — The calendar says it is spring, but it does not feel that way in this chilly, wet capital, a place where the seasons blur.

"Sometimes the fog is a little colder, then we call it winter," says a character in "A Small Town in

Germany," the novel by John Le Carré. "Sometimes it's warmer, and that's summer." It is the classic statement on the West German capital.

Wednesday afternoon, a stiff wind off the Rhine snapped the flags of the seven nations represented at the economic conference that will open Thursday; a leaden sky lowered over the moored cruise boats on which some of the 3,500 journalists who have descended on the city are packed in elegance.

May 1 was a holiday, so Bernd Kraus, who runs a restaurant above the offices of the Bonn Rowing Association, should have expected a brisk trade Wednesday. "But for me it's bad," Mr. Kraus said, surveying the families and the bicyclists moving sedately along the river promenade, "because my customers are afraid they will be cut off by all the police."

The offices of the Bonn Rowing Association, founded in 1882, about the low-slung, modernistic chancery complex where the leaders of the major non-Communist nations will confer. So Mr. Kraus knew a lot about the green-uniformed police officers with walkie-talkies milling by the river.

The restaurant, who counts Chancellor Helmut Kohl among his regular customers, pronounced the atmosphere on the eve of the meeting as "expectant."

Bonn officials are being coy about the number of police officers deployed in the city, but it seems to be about 15,000, or one representative of law and order for every 20 inhabitants. Joachim Zimmermann, the police director, admitted it is "one of the biggest security operations ever seen in Bonn."

Aside from putting a lot of police officers on the ground, Mr. Zimmermann has banned private planes from flying over the capital and had all the manhole covers checked to ensure they remained bolted.

In an attempt at humor, a West German official involved in security procedures said the police's delicate role fell somewhere between "that of James Bond and Brigitte Bardot."

At noon Wednesday, some

James Bond types found and defused a 13-pound (5.9 kilogram) bomb planted in a blue briefcase on the terrace of the German Aerospace and Arms Industry Association on Konstantinstraße, a central artery in the residential neighborhood of Bad Godesberg.

The police emptied neighboring houses — the adjacent Bolivian Embassy was closed for May Day — before a fire department bomb squad defused the device.

Police said the bomb, which was discovered by a secretary, was possibly the work of the so-called Red Army Faction, which on Feb. 1 murdered an arms company executive in Munich in what it has depicted as a "Western European guerrilla campaign" against NATO and its weapons suppliers.

Three bombs went off Monday in Düsseldorf and Cologne, and a shadowy group that styles itself the Revolutionary Cells took responsibility. The group said it was protesting the economic meeting.

The arrival Wednesday morning of the traveling White House and its attendant, jet-lagged press corps coincided with what seemed to be a determined administration attempt to focus on a new issue and remove attention from President Ronald Reagan's much-criticized plan to visit a German military cemetery at Bitburg on Sunday.

The U.S. press headquarters is in a restaurant called the Tulpenfeld, a name derived from tulips sprouting in a prime quadrangle where resident journalists and deputies of the Bundestag, or legislature, have their offices. In a crowded backroom at Tulpenfeld, Larry Speakes, the White House spokesman, mangled the pronunciation of the names of the German leaders who are the president's hosts, then moved on to announce a trade embargo against Nicaragua.

"You want to get a couple of questions on camera?" Mr. Speakes asked television reporters, apparently content to talk at length about the Nicaragua issue. He spoke of an "urgent threat" emerging in Nicaragua, one that made it

imperative to announce the trade ban in Bonn, not sooner, not later.

When a television reporter asked about Mr. Reagan's visit to Bitburg, Mr. Speakes answered tersely, "We have non-Bitburg questions, believe it or not."

Wednesday morning a satire on West German television, entitled "May Revue," would not let go of the Bitburg imbroglio. The program host, Hans-Jürgen Rosenbauer, conducted mock telephone interviews with a super-earnest-sounding Mr. Reagan and a bumbling, vowel-gulping Mr. Kohl, who were played by two quite effective mimics.

In English, the fictive Mr. Reagan said he would visit both the site of the Bergen-Belsen concentration camp and the Bitburg cemetery. "You see, I don't want to hurt anybody's feelings," said the presidential voice, "so in a helicopter I will not land but hover over both locations and then, since total reconciliation between our peoples is the purpose of my visit here, I will fly on to Berlin, West Berlin, and fly over Spandau prison and greet Rudolf Hess."

Mr. Hess, once deputy leader of the Nazi party, just turned 91; he is the only inmate left in Spandau.

The program led to angry calls from viewers. Jürgen Sudhoff, a spokesman for the government, denounced the show as "an unparalleled smear."

Britain Increases Military Budget by 3%



Michael Heseltine

United Press International
LONDON — Britain has announced a 1985-86 military budget of more than £18 billion (\$22.01 billion), a 3-percent increase over last year, and said that 95 percent of its forces are committed to the Western alliance.

Defense Secretary Michael Heseltine said Wednesday that Britain saw no "credible reason" to change NATO's present strategy of flexible response "that has served us so well in keeping Europe at peace."

"The case for continuity and building on this success is overwhelming," he said, adding that "the vast majority of our forces and some 95 percent of our defense budget are committed directly or indirectly to NATO."

Mr. Heseltine reiterated Britain's support for research on Presi-

dent Ronald Reagan's proposed space defense program. He said that Britain expected to confer on the matter with the United States while the other European allies continued to debate it.

Of the overall military budget, Mr. Heseltine said it was more than £1 billion higher than last year "and will provide for annual real growth in the region of 3 percent."

Excluding what Britain is spending to maintain its defense of the Falkland Islands, he said, the budget is about one-fifth higher in real terms than five years ago.

Of Britain's defense commitments outside the NATO area, such as in the Falklands, Belize, Hong Kong and Brunei, the budget document issued by the defense ministry indicated little change in the near future.

Bomb Blasts Cause Damage, No Injuries in Spanish Cities

The Associated Press

BENIDORM, Spain — Four bombs exploded in the Mediterranean resort cities of Benidorm and Valencia and in the Basque towns of Llodio and Bilbao in northern Spain, causing damage but no injuries, the police said Thursday.

The authorities suspected that the overnight bombings at Benidorm, Valencia and Llodio were the work of the Basque separatist organization ETA (Basque Homeland and Liberty).

The most powerful explosion was that of a car-bomb in front of a civil guard barracks in Llodio, in the province of Alava, early Thursday. The police said that the bomb substantially damaged nearby buildings and parked vehicles and destroyed a parked bus.

Last week ETA announced that it would launch a terror campaign against centers of tourism on Spain's Mediterranean coast aimed at "making the Spanish government change its mind" about Basque separatist demands.

ETA seeks independence for the 2.7 million inhabitants of the three provinces of the Basque country. The blast in Bilbao, in the prov-

ince of Vizcaya, occurred Thursday morning outside the offices of a subsidiary of an American company, the police said. They said that the bomb was not powerful and caused slight damage to the offices of Abertox Norton.

The police said the Bilbao bombing could be the work of a group identified as Iraultza — a Basque word meaning "revolution." The group is thought to be responsible for previous bombings of American businesses and companies associated with the United States in the Basque country.

On Wednesday night a bomb placed under a palm tree in Benidorm exploded in a garden outside a café, but only the tree was damaged.

Shortly afterward in Valencia, 60 miles (97 kilometers) north of Benidorm, a small bomb exploded on beach near a hotel, causing no damage.

The powerful bomb at Llodio was planted in a car reported stolen in a nearby town on Wednesday afternoon, the police said. The blast hurled parts of the car over a radius of 200 yards (182 meters), they added.

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 **Lufthansa**

Herald Tribune

Published With The New York Times and The Washington Post

Bitburg: Time to Move On

President Ronald Reagan will go to Bitburg. At this late stage, he is probably right to stick to the initial ill-conceived program. The alternative — a substitute program whose political opportunism would have been all too obvious, and the repudiation of a promise given to Chancellor Helmut Kohl — would only have compounded the damage already done. Even a cancellation, under these circumstances, might not ease the offense which the affair has already given.

The calamity was unnecessary and should never have occurred. There was no need for a symbolic American-German reconciliation in front of the television cameras. Reconciliation has been a reality for years.

The original decision to visit Bitburg but not Dachau was wrong. It reflected an appalling disregard of history. It was an affront to the memory of the millions of civilians, Jews and others, murdered by the Nazis, and to the thousands of dead American soldiers, none of whom are buried in Bitburg. The resulting outcry in the United States was right and inevitable. The problem was compounded by Mr. Reagan's subsequent explanations of the decision. And while it was right to add Bergen-Belsen to the itinerary, it would have been wrong to think that this later gesture could somehow assuage the anguish so many Americans felt.

In the German Federal Republic, the damage was of a different kind. Millions of West Germans who thought that they had become accepted as moral equals by their allies found out that the image of the satanic German survives beneath the surface and is quickly resurrected by one false gesture.

Ironically, while the president and the chancellor seemed to act in this instance as if Germany's Nazi past should or could be ignored, West Germans have been engaged in serious self-analysis about this history.

In hundreds of commentaries in their newspapers and on television, they are asking themselves such questions as whether the defeat of 1945 was a national disaster or a

necessity for Germany as well as the rest of the world, and how they could best continue to live with the consequences of the war, including the division of Germany. They are dealing with the question of guilt and the fact that they themselves, in spite of the resistance of some, had failed to get rid of Hitler. The Bitburg controversy has cut across this national debate, sometimes threatening to reduce the issue to an impossible choice between collective condemnation and collective innocence.

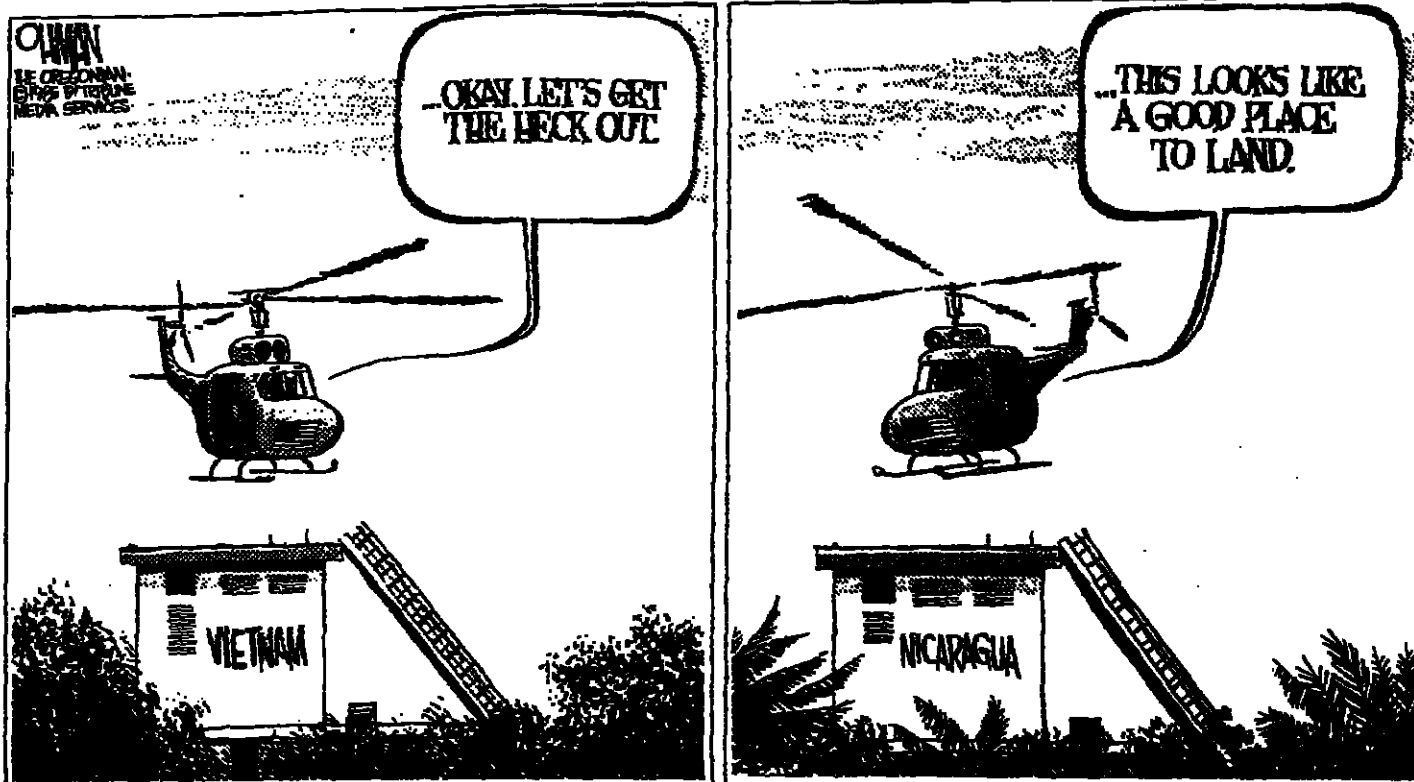
It is now time to end this controversy — but only while remembering what it has taught us: First, that it is wrong to attempt to escape the past, and second, that we are also destined to live with a future that we are even now creating.

It is vital that the West Germans continue to examine their past and come to terms with it. And it is also vital that they remain on the democratic, peaceful, moderate road that they have been traveling for the last 40 years. As they do so, they have a right to expect not only encouragement but genuine respect and friendship from those who share their present goals. But such an attitude does not require, as Mr. Kohl himself has argued, either exoneration for what happened before 1945 or suppression of its memory.

Just as the words of Mr. Reagan and Helmut Kohl in very different ways did much to shape perceptions of this event over the past few weeks, so the words and attitudes conveyed during the next few days will have an enormous impact in either attenuating or deepening the damage.

Richard von Weizsäcker, West Germany's president, had it right when he said on television the other day that the Germans must take the outcry over Bitburg seriously but without becoming obsessed by it. We must do all we can to get as close as possible to the truth of the past, he said in effect, because only truthful history can be a foundation for future friendships.

INTERNATIONAL HERALD TRIBUNE.



When Shared Values Transcend Apparent Divisions

By McGeorge Bundy

NEW YORK — Seventy-two percent of the West Germans want President Ronald Reagan to go through with his visit to the Bitburg cemetery: 55 percent of Americans think he should not. It has taken 40 years to do it, but our leaders finally have managed to get majorities of their countries against each other. Or so it seems.

Fortunately, the underlying reality is different, as we can see if we turn from the controversial visit and take a look at what people in both the United States and West Germany really care about.

These apparently opposing majorities may have different first thoughts, but they are not divided on fundamentals. What the West German majority wants is that an American President should recognize the enormous, tragic loss of life in the generation of young Germans who fought the war that Hitler made. They also want a recognition of the truth that among those who died there were millions of brave, decent men.

Does an American majority object to such recognition? I very much doubt it.

What has turned Americans against the visit is the 49 graves of Waffen SS members and the pain that is thus created, among millions of Americans, Jews and non-Jews, by the thought that anyone, anywhere might wish to forget what the SS as a whole represented and what it did.

Does a German majority disagree? I am absolutely convinced that it does not.

Nothing has been more remarkable in the extraordinary civic decency of West Germans over these 40 years than their unflinching recognition of the Holocaust as Hitler's most monstrous crime, and of the guilt shared by all who played any part in the events of those bleak years.

It is not the West German and American peoples, but a single insensitive arrangement, that has now put their shared values in apparent opposition. We may regret the insensitivity, but we must not let it divide us where we are not really divided.

The president's wreath will be intended to honor decent men for decent reasons, and the German commitment to respect the memory of the Holocaust will not be jeopardized because of a poor choice of cemeteries for this gesture.

I am sure Chancellor Helmut Kohl and Mr. Reagan will do their very best to find the right words to express all that has brought us together since 1945 — in dangers shared and surmounted, in understanding of what friendship is and requires, above all in our common commitment to a shared freedom. Meanwhile, it may help us all to keep in mind that good things do not come free. In the words of Goethe, with which John F. Kennedy ended a speech in Paulskirche, in Frankfurt, 22 years ago: "He only earns his freedom and existence who daily conquers them anew."

The writer, professor of history at New York University, served as national security adviser to Presidents John F. Kennedy and Lyndon B. Johnson. He contributed this view to The New York Times.

And Now the Banana War

The obvious purpose of the hastily ordered embargo on trade with Nicaragua is to blot out Congress's embarrassing refusal to keep financing the CIA war. The administration is protecting the president's authority and capacity to act forcefully — even if that means waging war with bunches of bananas.

There are two things to be said for the embargo. It is aboveboard and apparently legal, unlike the undeclared war by "contras." And it sends a useful message to Moscow, where President Daniel Ortega Saavedra of Nicaragua has been shopping for comradeship: supporting the Sandinists' faltering economy will not be cheap. If ever the issues in Nicaragua could come to negotiation, the Sandinists might be moved toward compromise by economic pressures of this sort.

But the policy conundrum remains. A boycott of Nicaraguan bananas and Grade-B beef will not topple the regime. Neither will closing America's ports and airports to Nicaraguan ships and planes. As Secretary of State George P. Shultz remarked to The Washington Post: "Nicaragua has other places to sell goods. . . . It's not going to be an overpowering event."

The embargo is not a policy unless it comes with a plausible price tag. What must the Sandinists do to gain relief, or even positive American economic help? Though it lacks the means to strangle the Sandinists, the administration has not been willing to offer terms that might concede the regime's survival. Indeed, the embargo will propel the regime to depend still more heavily on Soviet-bloc aid and to blame its own inadequacies on

Yanqui imperialism. As it does so, the White House will tell us, "We told you so."

There is one other way in which the embargo will work against compromise. The economic consequences will bear heaviest on Nicaragua's private sector, which has been a major source of support for the nonviolent opposition to the Sandinists.

That is surely why the Reagan administration has not imposed an embargo until now. It may also explain the abrupt resignation of Langhorne Motley as head of the State Department's hemisphere office and his replacement by Elliott Abrams, who has made no secret of his desire to help topple the regime of Mr. Ortega in Managua.

The hard-line approach has the virtue of simplicity: If Nicaragua's leaders are inflexibly bent on spreading Communism, no deal is possible. But at least some American officials, apparently including Mr. Motley and his predecessor, Thomas Enders, have thought that the Sandinists could be brought to make considerable concessions to American interests as part of an agreement that leaves them in command inside Nicaragua.

That thesis may be wrong, but it has yet to be seriously tested by the United States. The administration has been so afraid of "another Cuba" that it has made it almost impossible for the Managua regime to behave like anything other than Cuba. The headlines so opportunely churned by the embargo may offset a momentary frustration. But they still do not add up to a solid policy.

— THE NEW YORK TIMES.

Other Opinion

Bonn: A Chance for Change

Since the first seven-nation economic summit meeting was held 10 years ago, the annual get-togethers have been long on oratory and short on concrete accomplishment. Still, the summit that opened in Bonn Thursday could give events a helpful shove in the right direction. President Reagan wants to urge the Japanese and the Europeans to stimulate their economic growth to take up the slack as the U.S. economy loses its vigor. He also wants a firm commitment to a new round of world trade negotiations early next year.

The other leaders are more interested in

talking about the strains that are being imposed on the global economy by the huge U.S. budget deficit and the related phenomena of high interest rates and a bloated dollar. The concern over the U.S. deficit is justified. If Mr. Reagan's counterparts from Japan, Great Britain, France, West Germany, Italy and Canada can bring pressure on the administration to do something about the problem, that alone will make the summit worthwhile. However, the other heads of state will do themselves and the world a disfavor if they dismiss too lightly the American call for cooperation in maintaining economic growth and resisting protectionism.

— The Los Angeles Times.

Washington Is Wrong to Fear Reforms in Moscow

By Stephen F. Cohen

PRINCETON, New Jersey — Let it be recorded that the initial American response to a new Soviet leader promising some kind of reform to his people was not one of encouragement but deep alarm.

Underlying that reaction to Mikhail S. Gorbachev is an ominous trend in American policy-making which has been obscured by the media's trivial focus on his alleged "mastery of public relations."

Faced with the first Soviet leader in 30 years who is both reform-minded and vigorous, some Reagan administration officials and kindred analysts are insisting that even a partially reformed Soviet system will represent a far greater threat to U.S. interests. As one Washington Sovietologist put it, "If the Soviet Union proceeds with real economic reform, that is only going to make the Kremlin more competitive in its rivalry with the United States."

Even though Mr. Gorbachev faces enormous internal obstacles to any significant reform and is far from having consolidated his power, the prospect is already viewed, according to some columnists, "with chilling seriousness in Washington."

A legion of analysts have rushed to warn that the new general secretary will be an exceptionally "dangerous adversary," or as an American diplomat exhorted, "our most formidable

opponent in the Kremlin since Lenin." (Evidently, Mr. Gorbachev is expected to outdo Stalin.) The message, it seems, is that the United States must redouble its vigilance because, as Washington's new watchwords caution, its "free lunch in East-West relations . . . is over."

The thesis that Soviet reform is inimical to U.S. interests has exercised shadowy influence over policy

U.S. administration's rejection of Mr. Gorbachev's first overture on April 7. Reagan spokesmen and commentators dismissed the proposal as "propaganda" but ignored that it contained two new concessions: a unilateral Soviet moratorium on deployment of Euro-missiles and a tacit acceptance of U.S. missiles already deployed in Western Europe.

In an effort to lend weight to this

The thesis that Soviet reform is inimical to American interests has exercised a shadowy influence over U.S. policy ever since Mr. Reagan became president.

ever since the beginning of the Reagan administration. Now in the open, its invidious implications should not escape scrutiny. Morally, it is blatantly indifferent to the well-being of ordinary Soviet citizens, who may benefit from economic changes and any liberalizing ramifications in the country's political life.

Politically, it implies that the U.S. government should in effect collaborate with Mr. Gorbachev's anti-reform opponents at home by denying him the better international relations he will need. Such a policy may already be in place, as evidenced by the

cold war perspective on Soviet reform, two specious historical arguments are being put forth. One is that economic change will actually be bad for Soviet citizens because, according to "experts" cited in The New York Times, previous cases have always entailed "a history of intensified repression." Those authorities apparently know little of Soviet history.

The Soviet Union has experienced two major episodes of economic reform — the New Economic Policy introduced by Lenin in the 1920s and the destalinization policies begun by Nikita Khrushchev in the 1950s. Both

led to substantial political liberalization, including a sharp curtailment of police repression and a significant increase in intellectual and cultural freedom, of what Soviet citizens nostalgically call a "thaw."

Mr. Gorbachev may somehow carry out economic reform without that kind of political relaxation, but history suggests otherwise. Moreover, he has already proposed several measures that entail some degree of liberalization, such as more local initiative and less censorship of information.

The second historical fallacy maintains that during periods of domestic reform, the Soviet leadership invariably became more aggressive and less accommodating abroad. Here, too, the record suggests otherwise. During the reforms of the 1920s, the Soviet government embarked on its first experiment in what later became known as détente, seeking diplomatic and trade agreements with capitalist countries it had previously vilified.

Nor was Mr. Khrushchev, 30 years later, merely a reckless international buccaner, as he is so often portrayed. His foreign policies were sometimes threatening to the United States, as in Hungary, Berlin and Cuba. But it is more instructive to remember him as both a reformer at home and the founding father, along with President Eisenhower, of modern détente in Soviet-U.S. relations.

It is too early to conclude that Mr. Gorbachev, if given a chance, will follow a similar course, but the signs are encouraging. He has pointedly associated himself with long-standing reformist ideas in the Soviet establishment. Like earlier reformers, he has indicated that such a domestic program requires a relaxation of international tensions to counter conservative protests that change is too risky. Hence, his recent statement that better Soviet-American relations are "extremely necessary." And hence, his lament over the current "ice age" in those relations, a metaphor that evokes the possibility of a new "thaw" at home and abroad.

The United States must now decide whether it is a friend or a foe of Soviet reform. A cold war policy will almost certainly freeze any prospects of a Moscow spring. The alternative is an open-minded and hopeful U.S. response that is wise and worthy of a compassionate nation.

The writer is professor of politics at Princeton University and a frequent commentator on Soviet affairs. He contributed this column to the International Herald Tribune.

Remembering What the World Forgets

By Donald E. Miller

LOS ANGELES — During the past week or so, conferences, commemorative services and demonstrations have been held from Washington to Los Angeles, in Paris and London, in remembrance of April 24, 1915, when several hundred Armenian intellectuals, religious and political leaders in Constantinople were imprisoned and later killed. In the next several years, Armenians were forcibly removed from their ancestral lands in Turkey, and 1.5 million died.

While survivors weep over memories of those lost, the response of most non-Armenians is disinterest, or hostility over the thing they associate with Armenians: terrorism.

Why does the genocide of 70 years ago figure so prominently in the consciousness of all Armenians? I offer two answers to this question, based on nearly 100 interviews with survivors that my wife and I have done as part of an oral history project.

First, time does not heal some wounds. Under the pretense of removing Armenians from war zones and an invading Russian army, the Turkish government deported them to the Syrian deserts and surrounding regions. Typically, men and teenage boys were separated from the caravans early in the deportation journey and were shot or butchered.

The women and children continued on foot, sometimes for months. Along the way they were robbed, raped and massacred. Children were stolen. Mothers were faced with the tragic moral choice of giving away children to Turks and Kurds in the hope that they might thereby survive. Or, more painfully, the very young and elderly were abandoned on the way in order that those stronger in body and spirit could continue.

Some of those interviewed are the only survivors from their family. They were children at the time. Their pain is not just the memories of brutal acts they witnessed, but the suffering of atomized and abandoned children. Should we be surprised that these elderly survivors are still preoccupied with events 70 years ago?

Second, the genocide ruptured Armenians' sense of a morally ordered universe. In the years surrounding 1920, the newspapers were filled with stories of the plight of Armenians. It

was then that the phrase, "starving Armenians," gained currency. Indeed, many thousands of Armenians died of starvation. Having been deported from their homelands and robbed, they were reduced to eating grass and on occasion picking seeds out of the dung of animals.

The rupture that Armenians perceive in the moral order worsens with time, while the campaign of denial by the Turkish government intensifies.

It is one thing to suffer enormous tragedy. It is quite another to be told that nothing really occurred.

While the Holocaust of the Jews is surely as terrible an event as the first genocide of the 20th century, at least the Jews have had the catharsis of the world's recognition of what happened to their people 40 years ago.

Daily, the Armenians bear the charge that their claims are fabrications and lies. According to counter-charges by the Turkish government, even the personal accounts given to us are the product of coaching by Armenian terrorist groups.

I have just returned from two conferences, one at Harvard and the other at Bentley College, in Waltham, Massachusetts, attended by scholars from all over the world.

In no instance did I hear support for terrorism, either from speakers or Armenians in the audience. What I did hear was the painful acknowledgment that terrorism has been a key factor in bringing the Armenian genocide to public attention.

On the other hand, there seemed to be a strong sentiment that further terrorist actions by Armenians would be counterproductive.

The task now is to turn to the enormous archives of diplomatic and other materials that are present in the United States, Germany, France, England and Turkey. The time has come for scholars to examine more intensely the historical record, rather than leave the accounting to Washington public-relations companies hired by the Republic of Turkey.

An important change needs to occur in public perception, as well as in the views of the Reagan administration. Armenians are not terrorists. A

fractional percentage of Armenians worldwide are associated with terrorist organizations. To acknowledge the genocide is not to tacitly support terrorism, as President Ronald Reagan apparently believes.

In fact, quite the opposite is true: Denying the Armenian genocide will help to fuel future terrorism.

Unfortunately, what seems to be happening in the Reagan administration is that American self-interest is defining past history. Turkey's strategic location as a buffer between the Soviet Union and Western Europe is resulting in a hostile response by the State Department to recognition of the genocide. Tragically, political considerations are once again making victims of the Armenian people.

The writer is director of the School of Religion at the University of Southern California. He contributed this column to the Los Angeles Times.

Latins See Vietnam in U.S. Policy

By Carlos Andres Perez

NEW YORK — On the 10th anniversary of the fall of Saigon, Americans are pondering the lessons of the tragic involvement of the United States in Indochina. It is vital that they do so, particularly given the ominous parallels between the war in Southeast Asia and what is happening today in Central America.

Unfortunately, Vietnam seems to have had few clear-cut lessons for U.S. policy-makers. Controversy continues to surround the issue of U.S. credibility, the use of force in Third World conflicts, the appropriate roles for Congress in shaping foreign policy. For us in Latin America, the meaning seems much clearer.

For a short period, U.S. leaders seemed to draw strength from the public opposition that helped to end the Vietnam War. They introduced new ethical considerations into national security policy and resisted the temptations of unilateral military force. They seemed to recognize both the limits of U.S. power and the dangers of viewing Third World conflicts strictly through the prism of East-West relations. Finally, they seemed to understand the necessity of seeking democratic solutions in some of the developing countries.

The positive Vietnam foreign policy of the United States was a great success in Latin America. It led to the Panama Canal treaties, the promotion of human rights, support for democracy as the antidote to Communism and a lessening of the intolerable paternalism that has traditionally marked America's dealings with its Latin neighbors. For an all too brief period, Latin Americans and North Americans shared a vision that our common enemies are poverty, hunger, oppression and the use of military force.

Then came the Iranian hostage crisis, the invasion of Afghanistan and the civil war in Nicaragua — and almost before we noticed, the United States had reverted to the ill-fated attitudes of the Vietnam period. The several years since have brought a militarization of policy.

Once again, Washington is overly preoccupied with the East-West struggle, the "Evil Empire." Communism and "falling dominoes." It also appears to believe, disastrously, that it can impose political stability through the use of force.

Once again, despite the opposition of its own people, the government of the United States is assuming a bellicose approach to foreign problems.

In Latin America, this attitude has produced the absurd British-Argentine war over the Falklands or Malvinas Islands — the United States was already involved, but the war could have been averted through its diplomacy and leadership.

This view has also resulted in the invasion of Grenada, the re-establishment of Communism as the supposed chief cause of turbulence in Latin America and the escalation of the conflicts in Central America.

What this means is that the Contadora countries — Colombia, Mexico, Panama and Venezuela — which are attempting to negotiate a peaceful solution to Central American problems, are confronted by a hostile government in the United States.

The Reagan administration offers rhetorical support for the Contadora process but in reality seeks to win a military victory and overthrow the Sandinist government. With this attitude, it risks widening the war, pushing the Sandinist leadership deeper into the Soviet-Cuban camp and poisoning relations with its democratic allies in Latin America.

Apparently, Washington does not understand that there will be no peace in Central America until it unequivocally supports the Contadora process. Instead, as in Vietnam, the U.S. government is pursuing a foreign policy inconsistent with its own belief in national sovereignty and nonintervention — a policy that lacks the support of the American public.

For Latin Americans, at least, the lesson of Vietnam is crystal clear — that the United States is strongest when it acts for social justice and democratic change, that it is most effective when it acts multilaterally, and most successful when it deals with its neighbors as equals dedicated to peace, freedom and democracy.

We only wish the United States could see this as clearly as we do.

The writer, professor of Venezuela from 1974 to 1979, is now a member of the Venezuelan Senate. This article from The New York Times is adapted from a recent speech he made to the Council on Foreign Relations.

LETTERS TO THE EDITOR

An Insult to the Marines

Probably no greater insult could be dealt the U.S. Marines than that implied by Harold O.J. Brown's letter (April 25) stating that "many young Germans entered the Waffen SS for about the same reasons that Americans were joining the Marines instead of waiting for the draft — it was an elite fighting force."

In 1933 and 1934, it did become "chic" to join the Waffen SS after some of the aristocracy became associated with recruitment. The sons of the middle class rushed to join because the "black uniform" became the symbol of "masculine elegance." As the Waffen SS became more powerful, its members were guaranteed the best state jobs and other privileges of power denied to others.

In the United States, the growing Air Force attracted the younger generation of males but no group was more important than another. The Waffen SS was completely political and totalitarian in that it eventually controlled every facet of German society. If any comparison is in order, it

The Other Holocaust

Regarding "Why Reagan Should Truly Visit Dachau" (April 6) by Charles William Maymes:

President Reagan is absolutely right in not visiting Dachau. If he did he would discover no fresh answers to the dilemma over Man's inhumanity to Man. And why Dachau anyway? It happened over 40 years ago. West Germany, which did not exist then, is still paying reparations to Israel, the majority of whose citizens have never set foot in Germany, to compensate only Jewish victims of Hitler.

Where Mr. Reagan should go is Lebanon. There he could see a holocaust in progress. Mr. Reagan knows that American money armed the Israelis, and that Congress condones

Justice 40 Years On

Regarding the opinion column "When History Forbids a Fair Hearing" (April 22) by V.W. Hughes:

Mr. Hughes fails to understand that by bringing Nazi war criminals to trial, the world does not seek to "deter zealots and sociopaths of the future with lessons of vengeance" but to awaken tomorrow's innocents to the need for never ending vigilance. If it is true that "one cannot average (those) who have been at peace in their graves for 40 years" then it is also true that one cannot forsake those who 40 years later live with the memory of the horror served in their aging hearts and bones.

JEREMY M. DAVIS.
The Hague.

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NYSE Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	119.75	119.50	119.75	+0.25	
AT&T	102.50	102.25	102.50	+0.25	
GE	102.50	102.25	102.50	+0.25	
Amgen	102.50	102.25	102.50	+0.25	
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Dow Jones Averages					
Open	High	Low	Last	Chg.	
Index	2542.37	2542.37	2542.37	+0.00	
Indus	1225.31	1225.31	1225.31	+0.00	
Trans	1225.31	1225.31	1225.31	+0.00	
Comp	1225.31	1225.31	1225.31	+0.00	
Comp	1225.31	1225.31	1225.31	+0.00	

NYSE Index					
High	Low	Close	Chg.		
Composite	102.50	102.50	+0.25		
Indus	102.50	102.50	+0.25		
Trans	102.50	102.50	+0.25		
Comp	102.50	102.50	+0.25		
Comp	102.50	102.50	+0.25		

NYSE Closing					
Vol.	High	Low	Last	Chg.	
IBM	119.75	119.50	119.75	+0.25	
AT&T	102.50	102.25	102.50	+0.25	
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AMEX Diaries					
Class	Chg.	Prev.			
Advanced	102.50	102.50	+0.25		
Declined	102.50	102.50	+0.25		
Unchanged	102.50	102.50	+0.25		
Total Issues	102.50	102.50	+0.25		
New Issues	102.50	102.50	+0.25		
Volume up	102.50	102.50	+0.25		
Volume down	102.50	102.50	+0.25		

NASDAQ Index					
Class	Chg.	Prev.			
Composite	102.50	102.50	+0.25		
Indus	102.50	102.50	+0.25		
Trans	102.50	102.50	+0.25		
Comp	102.50	102.50	+0.25		
Comp	102.50	102.50	+0.25		

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
IBM	119.75	119.50	119.75	+0.25	
AT&T	102.50	102.25	102.50	+0.25	
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New York Stocks Finish Mixed

United Press International
NEW YORK — Prices finished mixed Thursday on the New York Stock Exchange, and some analysts said investors continued to be confused about the U.S. economic outlook. Speculative energy issues stole the show, and blue-chips recouped some losses.

The Dow Jones industrial average gained 0.22 to 1,242.27, but declining stocks led advancing ones by an 8-7 ratio. Volume was 107.7 million shares, up from the 101.6 million traded Wednesday.

The day's indecisive finish followed the loss of more than 40 points by the Dow in the previous four sessions, and analysts said the slide could continue.

"This is a relatively critical level. There is not enough indication that we have seen the low here," said Ricky Harrington, of Interstate Securities, Charlotte, North Carolina.

The market's momentum seems to be on the downside, he said, and could sustain further selling over the next two or three days.

"Essentially, what you've got is confusion," said Monte Gordon, of Dreyfus Corp., and "a sense that nothing will happen until you get some clarification" on the direction of the economy.

The stock market retreats in times of uncertainty, he said. "Expectations, high in the beginning of the year, have turned cold," he said.

And the confusing elements — increasing indications of slowed economic growth, interest rates seemingly on hold, the dimming outlook for corporate profits and a trade imbalance that has sapped the economy's incremental growth — have caused investors to become cautious, he said.

E.F. Hutton fell 3 to 29 1/2 after pleading guilty

M-1 Increases

The Associated Press
NEW YORK — The narrowest measure of the U.S. money supply, M-1, rose \$2.7 billion in mid-April, the Federal Reserve Board reported Thursday.

The Fed said M-1 rose to a seasonally adjusted \$576.2 billion in the week ended April 22 from \$573.5 billion the previous week. M-1 includes currency in circulation, travelers checks and checking deposits at financial institutions.

to fraud charges involving more than \$4 billion in funds. The financial services company will make restitution to all banks involved.

Arco was the most active NYSE-listed issue, falling 1/2 to 62 1/2. Mobil followed, adding 1 1/2 to 31 1/2.

Houston Natural Gas was third, jumping 8 1/2 to 67 1/2. InterNorth agreed to acquire it for \$70 a share. InterNorth fell 3 1/2 to 48.

Texaco lost 1/4 to 38 1/2 and Amoco (ex-dividend) dropped 1 1/2 to 66 1/2.

In technologies, IBM gave up 1/2 to 125 1/2. Sperry added 1/4 to 49 1/2 and Hewlett Packard rose 1/4 to 32 1/2.

Control Data jumped 1/4 to 31 1/2 on speculation that it may spin off its financial-services division.

In autos, General Motors and Ford finished higher, while Chrysler lost 1/4 to 34 1/2. Upsilon advanced 1/4 to 87 1/2 and SmithKline Beckman tacked on 1/4 to 64 1/2.

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WEEKEND

May 3, 1985

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Seeing and Tasting Europe, Without the Crowds

by R.W. Apple Jr.

ONE day early in April, an American visitor to London walked into Huntsman, the Savile Row tailors, and asked to order a bespoke suit. He was told that no more orders would be taken at least until October. A few days later, another American called a three-star restaurant in rural France to reserve a table for a weekend in July. He was told that they were fully booked.

Such experiences will be the norm in Europe this summer. The strength of the dollar, despite a slight recent slump, has led travel agents and tour operators to predict that six or even seven million Americans will cross the Atlantic this year, far more than ever before. Inevitably, they will find the hotels full, the museums so crowded that they will see only the backs of other Americans' heads, transportation facilities overtaxed and the Europeans a bit dazed by it all.

But the invasion will be uneven; some countries will be more crowded than others, some cities within a given country will be more crowded than others, and some parts of a given city will be more crowded than others. A mull will gather around the "Mona Lisa" in the Louvre every day, but downstairs, the magnificent collection of artifacts from Babylon and Persopolis and elsewhere in the Middle East will be deserted. So with some forethought, it should still be possible to enjoy a European vacation with a European flavor this summer, and to avoid the sickening sensation of having traveled far just to join a simulated Chicago rush hour.

A first suggestion would be to stay away from the beaches, especially in August, when they are always mobbed by Europeans anyway. A second would be to think about Eastern Europe, at least for part of your trip. Russia, Yugoslavia, Czechoslovakia and Hungary all have much to offer, especially if you do not insist on luxury accommodation.

Nowhere will the crowds be worse than in London, Paris and the much beloved Italian trio of Rome, Florence and Venice. But there are strategies for coping. In London, for example, you might skip the National Gallery and visit the spectacularly unovercrowded Courtauld Institute Gallery, which has masterpieces by Manet and Gauguin and Cezanne. In Paris, it's fun to forget the two- and three-star restaurants and concentrate on the neighborhood bistros. In Venice, you can walk north from St. Mark's Square, leaving behind a million pigeons and a half-million people, and explore the smaller churches, with their Bellinis and Tintoretos, in almost perfect tranquility.

Go to the Yorkshire Dales or the Derbyshire Peaks instead of the Lake District or the Cotswolds; to the Auvergne instead of the Loire; to Galicia instead of Andalusia; to Franconia instead of the Black Forest; to

Umbria or The Marches instead of Tuscany or the Veneto. It will take some study and planning, but the time will be well spent. To start you off, here are a dozen suggestions:

Mull

This island, reached by ferry from Oban, guards the southwest approach to Scotland, a remote and mysteriously beautiful outpost of peak, moor, castle and loch. In May and June, the wildflowers bloom and the nights are never truly black. A few months later, the hillsides are burnished in autumnal gold. Mull will be familiar to those who have followed David Relf's adventures in Robert Louis Stevenson's "Kidnapped"; it is also spectacular walking country. The nearby island of Iona, where St. Columba planted the seed of Christianity in Scotland, has a 12th-century abbey and the graves of 48 Scottish kings, including Duncan, murdered by Macbeth in 1040.

Boats ply between Mull and Staffa, with its enormous black basaltic columns, rising from the sea like organ pipes, and Fingal's Cave, which was immortalized by Mendelssohn. Thioran House at Thioran, which resides in a wild lochside site beneath awesome crags, has nine pretty rooms, dependably good food and and enough peace and quiet for St. Simeon Stylites.

East Anglia

Visiting the country houses, gardens and cathedrals is one of the enduring pleasures of a trip to England, but Chatsworth, Canterbury, Sissinghurst and their like are no fit targets for this summer. A trip through East Anglia, the "thumb" that sticks out into the North Sea from the east coast, is likely to be much more rewarding.

An itinerary might include Cambridge, with King's College Chapel, probably Britain's finest late-Gothic building, and the Backs, the shaded lawns along the gentle River Cam, and the splendid Fitzwilliam Museum, which has fine Egyptian and Greek collections and major paintings; the Roman museum in Colchester Castle; bury Ely Cathedral, crowned by a wonderful octagonal lantern dating from 1372; the bucolic "Constable country" around East Bergholt; the half-timbered village of Lavenham; and a pair of memorable houses—Holkham Hall, a Palladian gem, and Blickling, whose Jacobean facade is framed by massive hedges. My wife and I like Shipham Place, a relaxed little converted rectory with hearty cooking, not far from East Dereham; another good stopping place is Le Talbot and its hotel annex. But the best food in the region is at Weeks in out-of-the-way Glemsford,



Arnold Roth, The New York Times

where the charming Ian and Sue Weeks—he in the kitchen, she in the dining room—show how much skill and invention four hands can muster.

The Finnish Lakes

The Finnish combination of lakes and birch trees has, for me, an almost mystical appeal; it embodies the spirit of northern Europe in the same way that the Tuscan

combination of hills and cedars embodies that of the south. There are more than 60,000 lakes in Finland, covering 9 percent of the country's territory, and most of those are in the central region.

You could make your headquarters near Hamenlinna, at the recently renovated Rantasipi Aulanko, which lies within a national park and provides full facilities for swimming, golf, tennis, boating, riding, shooting and cycling, or at its sister hotel, the Rantasipi Laajavuori, near Jyväskylä, a

town that has several buildings designed by the great Alvar Aalto. Boats, including hydrofoils and lake steamers, supplement a good road system in knitting together this paradise of cold, deep water and enigmatic green forests. Walk, ride the boats, take a sauna a day, admire the crispness of the architecture and of the products that the talented Finns design for their everyday use. Then, renewed, you might visit Savonlinna, which lies to the northeast, not far from the Soviet border, and its mighty fortress of

Olavlinna, a moated medieval bastion that is unmatched in Scandinavia. For three weeks in July, its central courtyard houses one of Europe's better small opera festivals.

Belgium

Belgium needs a good press agent. Its churches and museums are crammed with the works of native sons whom the whole

Continued on page 11

André Kertész: Poet of the Everyday

by Andy Grundberg

NEW YORK — The view from André Kertész's 12th-floor apartment overlooking Washington Square was from New York University to the Hudson River, the World Trade Center Towers marking its midpoint. From the kitchen window or a tiny terrace, Kertész surveys New York through the glass of a telephoto lens, making pictures that are full of intimate, human-scale encounters and unexpected visual delights. And it is from here, his home for 34 years, that the photographer—one of the pioneers of photojournalism and an internationally acclaimed master of small-camera lyricism—has turned the dross of ordinary life into the gold of aesthetic pleasure.

Still active at the age of 90, Kertész remains the "quintessential cosmopolitan," in the words of the critic Hilton Kramer. He has been recording urban life for more than half a century now, always through the

warming filter of his own feelings. "I can't touch a camera without expressing myself," he told a visitor to his apartment one afternoon, a touch of pride breaking through his customary modesty.

Kertész, who is now acknowledged as one of the great innovators of 20th-century photography—comparable in stature to such American artists of the camera as Ansel Adams, Walker Evans and Edward Weston—has not yet received all the public attention that is his due. But he is soon to receive a corrective accolade: A retrospective exhibition of his most important work will appear in December at the Metropolitan Museum of Art. Co-organized by Weston Naef, formerly of the Metropolitan and now curator of photography at the Getty Museum, and David Travis, photography curator of the Art Institute of Chicago, "André Kertész: Of Paris and New York" opens May 10 at the Chicago Museum. The show will be on view at the Metropolitan Dec. 19-Feb. 23, 1986. (In New York, the Susan Harder Gallery is presenting a small concurrent exhibition, of

the photographer's images of gardens, May 1-June 29.)

The slowness with which wide public recognition has come to Kertész may be explained by the nature of his work. He delights in the ephemeral, the incidental and quotidian, in the half-hidden gesture, the brief blush of twilight, the juxtaposition of the new and the old. He honors such incidents, invisible to most of us most of the time, with his full attention. From his pictures we learn that beauty is not something solid, existing like stone to be stared at whenever we care to gaze, but instantaneous, fleeting, as mutable and fickle as the city itself.

THE photographs for which he is famous are in black and white, but recently he has chosen to express himself in color. Kertész dabbled with color soon after the introduction of 35-millimeter Kodachrome slide film in 1936, but he was unhap-

py with the results; only in 1978 did he begin to use color film for his own purposes. At first he worked with a Polaroid SX-70 camera, which enabled him to see results on the spot. Last year, at the suggestion of another photographer, Charles Harbutt, he began experimenting again with Kodachrome. Within a matter of months he amassed a new body of work.

Kertész's best pictures, in both color and black-and-white, are filled with narrative suggestion, and with what John Szarkowski, director of photography at the Museum of Modern Art, has called "a sense of the sweetness of life, a free and childlike pleasure in the beauty of the world and the preciousness of sight." They are so fully formed and complete that verbal embellishment almost seems an intrusion. But while the artist's new color pictures often mine the same subjects as his earlier black-and-white photographs,

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A Lost Liszt Is Found In the Musical Digs

by Donal Henahan

NEW YORK — Western music is in an excavation period, a time when hunting for old manuscripts occupies the energy of a surprising number of talented artists and musicologists as well as legions of dust-sifting scholars. The recent exhumation of 33 lost chorale preludes of Bach stirred the imagination of many people, aside from the musical importance of the find, simply because the idea of buried treasure fascinates us all.

We avidly follow the detective work that results in the discovery of mislaid pages by Debussy or Verdi, of Strauss' last song or of an entire opera by Donizetti (by my New York Times colleague Will Crutchfield). We speculate about what wonders may yet lie undetected in libraries and opera house basements. No musicologist has yet come upon the fabled 100 lost cantatas of Bach, which would rank with Heinrich Schliemann's coup in unearthing the four layers of Troy, but in this age of computerized scholarship who knows what is possible. At any rate, serious fans of treasure hunting, fed from youth on Robert Louis Stevenson and Poe, feel free to daydream. The lost Bach cantatas are the Atlantis of musicology.

Meanwhile, we must make do with more modest discoveries, such as the Liszt piano piece that Jeffrey Siegel was to play last night at Carnegie Hall in its American debut. The work, a large-scale paraphrase on themes from Verdi's "Ernani," lay unpublished in the Liszt archives at Weimar until Alan Walker, the British musicologist and Liszt biographer, happened on it. He was impressed by its quality and prepared a performing edition. Malcolm Troup gave the world premiere last year in Buenos Aires and Siegel gave the first performance in Liszt's native Hungary. You may recall that Walker and Siegel collaborated on a similar exhumation four years ago when the pianist gave the world premiere here of a new version of Schumann's Fantasy in C. Walker had discovered a manuscript with a different ending, which Schumann had rejected in favor of the standard version.

The Liszt piece, however, is not a torso or a stray page from a workbook. A complete work, it dates from 1847, when the composer was at the height of his fame as a virtuoso. It is based on two "Ernani" themes: the chorus "Vedi come il buon vegliardo" from Act 1 and the celebrated baritone aria "Oh sommo Carlo più del tuo nome" from Act 3. According to Walker, "High pianism abounds. The 'Ernani' paraphrase bristles with technical difficulties. Every page contains examples of those devil-may-care passages typical of the 35-year-old Liszt reveling in his powers."

Well before this, the knowledgeable Lisztian will be expected to rise in protest. What is new about an "Ernani" paraphrase by Liszt? Isn't such a work already listed in all the standard references? Yes, but it turns out that Liszt misplaced the 1847 score (the one that Siegel played) and, prodigal composer that he was, simply wrote another one, substantially different from the original.

It may have been nothing but a common

traveler's problem: lost luggage. In June 1847, Liszt had embarked on a concert trip to Turkey, perhaps because by that time he was running out of exotic places to visit. (Anyone reading Liszt's biography must be impressed at the ground the man managed to cover in a time when concert touring was not merely a matter of getting to and from a series of airports.) The world's most famous pianist had been invited to play at the Royal Palace in Constantinople for the Abdul Medjid Khan, a music-loving sultan who retained Giuseppe Donizetti, brother of the composer, as his kapellmeister. Walker says the celebrated pianist played twice at the palace and was decorated by the sultan with the "diamond-encrusted" Order of Nicholas.

WE know that it was in Constantinople that Liszt composed his first "Ernani" paraphrase, because the manuscript is inscribed "Pera, June 1847." Pera being the name of the foreign quarter where he lived for five weeks. Walker speculates that it was Giuseppe Donizetti who introduced Liszt to "Ernani" and that the Hungarian virtuoso may have played it for the Turkish sultan's delight during his stay. When Liszt left Turkey in July he took along the "Ernani" score. He must have intended to publish it since he had a fair copy of the piece made, but somehow it never reached the printer. Eight years later, when he compiled his first supposedly complete catalog of works, the "Ernani" paraphrase was not on the list, sure proof that the manuscript was not at hand, according to Walker. Most significantly, during his last months in Weimar, shortly before he announced his retirement from the concert stage, Liszt composed three paraphrases on Verdi operas, "Il Trovatore," "Rigoletto" and "Ernani." Walker believes it unlikely that he would have gone to the trouble of composing a second "Ernani" if he had known the whereabouts of the original.

It is not clear how or when the misplaced manuscript found its way to Weimar, but there it lay unrecognized for a century or more. In 1931, the Liszt archives published a comprehensive list of its holdings which cited the work but the material on which it is based was described as "unknown" because Liszt's manuscript did not identify the opera and the compiler did not recognize the themes. And now, will the original "Ernani" paraphrase be able to make its way in the world along with Liszt's more familiar opera transcriptions such as "Don Juan"? Or will it sink quietly into obscurity like so many other happily heralded musicological finds once its novelty has worn off?

The truth is, for all our fascination with excavations in the digs of musical history, few if any of such finds can be expected to change our understanding of the composer or of history itself. We certainly may hope that a masterwork will be unearthed, or a master's work illuminated somewhat more brightly. As with most treasure hunts, the profit is largely illusory, but no less worth pursuing for that.

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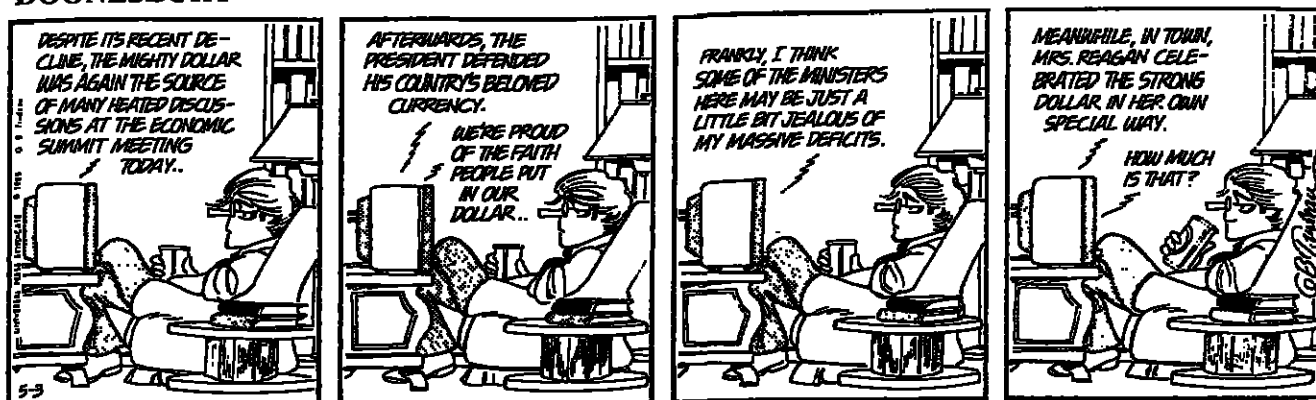
A Kertész view of Washington Square (New York, 1954).



Chez Mondrian (Paris, 1926).

TRAVEL

DOONESBURY



André Kertész

Continued from page 3

the addition of color gives them an added level of complexity and beauty.

"It is the new romanticism," Kertész says with conviction.

If his portrait of New York seems to us today nostalgic and slightly bohemian, like the Greenwich Village of yore, it is because the photographer has always seen the city with the eyes of an unrepentant romantic. And if he long has preferred the Village to the rest of the city, it is perhaps because it reminds him most of Paris, his refuge of an earlier era.

When the photographer, at 42, arrived in New York in 1936, he already had an established reputation in Europe. His first pictures were taken before World War I, in his native Hungary, but he began to attract wide attention after moving to Paris in 1925. In 10 years there he created a document of the city that has few equals. He joined in the artistic circles of the time, haunting the Café du Dôme and meeting such figures as the artists Piet Mondrian and Marc Chagall, the Surrealist poet Paul Dermée and the publisher Lucien Vogel. To earn a living, he worked as a free-lance photojournalist for illustrated magazines and newspapers in France, Germany and Britain, and in 1927 he had his first one-man show.

His pictures from his Paris days had an impact on subsequent photography that is difficult to overestimate. Brassai, a fellow Hungarian émigré with aspirations to be a sculptor, and Henri Cartier-Bresson, then a struggling painter, both found inspiration in Kertész's unpretentious, candid style and decided to take up photography. Indeed, Brassai took his first pictures with a tiny plate camera borrowed from Kertész and he soon followed Kertész's lead in photographing Paris at night, capturing the "30s demimonde with intimacy and precision. Cartier-Bresson bought a Leica 35-millimeter camera shortly after Kertész acquired one in 1928; since



Kertész in 1967.

then, the master of the "decisive moment" has called André Kertész his "poetic source."

DESPITE Kertész's renown in Europe, his arrival in the United States was less than remarkable. As he remembers it, the photo agency that persuaded him to come to New York for a year of work went out of business not long after he arrived. Life magazine was uninterested in his pictures; according to Kertész, an editor there told him, "Your pictures talk too much." The Museum of Modern Art wanted to exhibit his innovative nude distortions, but asked him to remove the reflection of public hair. By the time he had earned enough money to return to Paris, war had broken out in Europe. He became an enemy alien, a

resident of a country in which he never intended to live.

Kertész accepted his fate and became a U.S. citizen. But out of his unhappiness at doing uninspiring assignments for others came the urge to photograph New York purely and simply for himself. The images of the period—some of them recorded in the books "Of New York" and "Washington Square," both published in 1975—are invaluable both as records of city life and as additions to Kertész's own poetic oeuvre. "People here don't look at things in a romantic way," he says, "but I am looking always; looking back, and at the new things, too. I don't give up."

Kertész had plenty of reason to give up. For more than half his 48 years in New York he lived in virtual obscurity—a misfortune that has colored his view of the art world with more than a trace of bitterness. Of his lackluster career as a commercial photographer he says, "I was always a dilettante. I wanted to do what I wanted, the way I did in Europe." However, since a one-man exhibition at the Museum of Modern Art in 1964, his great contributions as an expressive photographer have come to be increasingly recognized, especially by those with an enduring affection for art.

His classic images—among them the portrait of a woman on a couch titled "Satinic Dancer" and a Cubist-inspired view of Mondrian's studio—have entered the canon of photographic masterworks. This year his reputation in the United States will be further enhanced, not only by the retrospective of Chicago and the Metropolitan but also by shows in Jacksonville, Florida; Newport Beach, California; and Santa Fe, New Mexico. In addition, Abbeville Press will be publishing a book titled "Kertész by Kertész."

Yet for all the recognition and honors, and despite his age, Kertész continues to explore his medium of the last 70 years with an almost boyish curiosity.

"I never give up," he says. "This is the only way to give some color to life."

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Renewing Normandy's Cooking

BEALVON-EN-AUGE, France—There is a corner of Normandy, the land of Calvados, Camembert and cider, that just can't help looking as though it is posing for a picture postcard. Rolling hills so green they make your eyes hurt. The provincial lacy cow—black and white, brown and white, sometimes just brown—immobilized beneath an apple tree about to burst into flower. Clotted milk cans standing elbow-to-elbow at the edge of driveways. The rural mailman ped-

Thanks to the chef's tantrum, diners were able to feast on turbot in a just-right cider-vinegar sauce, meaty mussels in a delicate cider and cream sauce, thick filets of Saint-Pierre bathed in a light blend of tomato coulis and butter.

Don't come here expecting classic, stratified, complicated sauces, photogenic pastries or hand-carved baby vegetables. The chef says she likes to think of her food as home cooking, and though it's nothing like what most of us cook day in and day out at home, it has an unadorned, homespun quality.

The menu is strong on fish, but there's also a fine assortment of meat and poultry dishes, a daily pastry or two (the fresh-from-the-oven lemon tart was exquisite) and a good regional cheese platter (try the mature pavé d'Auge). There is also a marvelous selection of authentic farm Calvados. Sample either the David or Dupont label: Both are distilled the old-fashioned way, over a slow-burning wood fire. To purchase the Calvados to take home, ask at the restaurant for a "Route de Cidre" map with addresses of the best local farm cider and Calvados.

PATRICIA WELLS

ing about on a tattered bicycle, delivering bad news, good news and bills to half-timbered houses, where he will stop for a sip of Calvados, to chat about the price of milk, the winter's frost damage, this year's apple crop. It looks so good it could make one forget that so much of the Calvados produced today is little more than bland-tasting firewater. The Camembert, sprayed with penicillin to make it age faster, is sold so young, so white, that much of it has little character. And who likes to think of all that rich, golden milk being transformed into a cooked out, ultra-pasteurized liquid? As for Norman restaurants, well, their reputation has never been very hot.

It's no surprise. Think food in Normandy, think butter, cream, duck and organ meats like tripe and andouillette. Not exactly the way we want to eat today.

But there is a group of young, dedicated and ambitious chefs working in Normandy today, men and women who know and care enough to search out the freshest, finest and healthiest foods of the region: people who, like the scenery, won't let us down.

Odile Engel, chef at Le Pavé d'Auge, is one of them. Here in a charming, restored village of 276 inhabitants, in a warming restaurant created in a rebuilt covered market, she offers a style of cooking that is at once personal, creative regional and inviting.

Each morning, she is up at dawn to hit the crie— or fish auction— in nearby Caen. Lately, the fishermen haven't gone out because of bad weather at sea, which sent chef Engel into a major tizzy.

"I couldn't remember the name of the chef who committed suicide because the fish didn't come—but I called one of my fish suppliers and told him if he didn't get me some fish quickly, he'd have one dead on ice," she explained one night last week, in reference to the tale of Vatel, the 17th-century maître d'hôtel who was said to have committed suicide when the fish failed to arrive for a banquet.

Fortunately, Odile Engel's wholesaler responded, and to fend off disaster he drove to Brittany, where the fish supply was plentiful.

Spots like this are rare. Les Vapeurs is just a simple brasserie, but the owner cares about everything, from the flowers to the fresh and flavorful baguettes, from the wine list to the humorous, colorful menu that sort of hawks dishes like a street peddler. Even the coffee gets special attention.

This is one of the few places I know you can get truly fresh shrimp—you'll see them live at the market across the street, still jumping and squiggling. At Les Vapeurs they poach the tiny *crevettes grises* in salt water and sprinkle them with lots of pepper. The shrimp are served piping hot, ready to be eaten with superb local butter, those tasty baguettes, and a few sips of chilled Muscadet *sur lie*. The offerings of fish and shellfish change according to season and the catch of the day, but the grilled sole is so fresh and full-flavored you will think they have discovered a new species, and even the rather maligned *carrelet*, or European flounder, reaches new heights, dusted classically with flour and pan-fried *à la meunière*, in butter.

The local cheese selection is nice, including a fine Lauquetot Camembert, and Lepeudrie Pont L'Évêque from nearby Tourneville.

The stern-faced waitresses may give you a hard time, but the bark is worse than the bite, and besides, this is such a great spot for people-watching it could almost get away with charging admission. In short, Les Vapeurs is the kind of place one could imagine going back to time and time again to try all those good-looking dishes—the platters of oysters, the golden frits and steaks grilled over a wood fire, the *viande saumonée de Morlaix*, even the simple omelets—that neighboring diners are consuming with relish.

Le Pavé d'Auge, Place du Village, 14430 Beuron-en-Auge, tel: (31) 79.26.71. Closed Monday, Tuesday and Wednesday evenings, two weeks in December and two weeks in January. Credit cards: American Express, Visa. Menus at 110 and 155 francs, not including wine or service. A la carte, from 150 to 200 francs a person.

Auberge Les Deux Tonneaux, Pierrefitte-en-Auge, (on D280a, just off D48, southeast of Pont l'Évêque), tel: (31) 64.09.31. Service until 8 P.M. Closed Monday and in September. (Note: Exceptionally, the restaurant will be closed May 11 and 12.) About 25 francs a person for a snack, 50 to 75 francs for a light meal.

Les Vapeurs, 160 Boulevard Fernand-Moisan, 14300 Trouville-sur-Mer, tel: (31) 88.15.24. Closed Tuesday and Wednesday (except on holidays), Nov. 15 to Dec. 4 and Jan. 5 to Feb. 5. No credit cards or checks. From 100 to 200 francs a person, including wine and service.

MAY CALENDAR

FRANCE

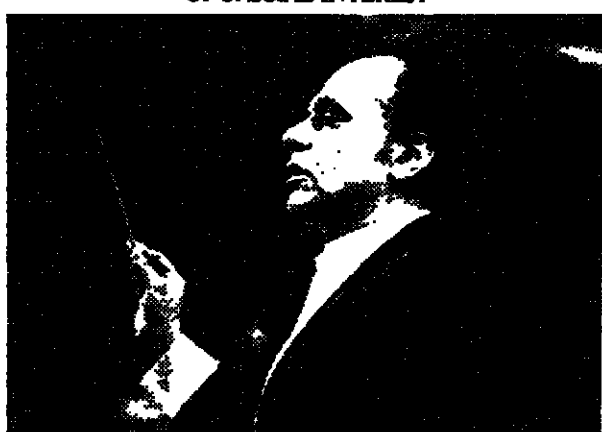
NICE, Acropolis (tel: 92.80.05). CONCERTS—May 10-12: Nice Philharmonic Orchestra, Berislav Klobucar conductor (Beethoven).

ENGLAND

LONDON, Barbican Art Gallery—May 10-30: "American Images" Photography 1945-1980. Barbican Hall—London Symphony Orchestra—May 2: Geoffrey Simon conductor (Tchaikovsky). May 4: Paul McRae conductor (Suppé, Schubert). May 16, 19, 23: Myung Whun Chung conductor (Beethoven, Prokofiev). May 3: City of London Sinfonia, Lionel Friend conductor (Mozart). May 17: London Concert Orchestra, Bramwell Tovey conductor (Gershwin, Copland). May 18: Dallas Symphony Orchestra, Edoardo Mata conductor (Ponce, Mahler). JAZZ—May 24 and 25: Preservation Hall Jazz Band.

Barbican Theatre—Royal Shakespeare Company—May 3, 4, 17, 18, 24, 25, 29-31: "Hamlet" (Shakespeare). May 10, 11, 13, 14, 15, 22, 23: "Henry V" (Shakespeare). May 20, 21, 27, 28: "Richard III" (Shakespeare). London Coliseum (tel: 836.31.61). OPERA—May 4, 10, 16, 22, 25: "The Marriage of Figaro" (Mozart). May 8 and 11: "The Bartered Bride" (Smetana). May 9, 14, 17, 23: "Madama Butterfly" (Puccini). May 31: "Aida" (Verdi). EXHIBITION—To July 14: "Edward Lear, 1812-1888." Royal Albert Hall (tel: 446.68.88). CONCERT—May 13: BBC Symphony Orchestra, Sir Colin Davis, Sir George Solti conductor (Beethoven, Elgar). Royal Festival Hall (tel: 928.31.91). CONCERT—May 21: Philharmonia Orchestra, Andrew Davis conductor, Shoshana Mintz violin (Copland, Rachmaninov). RECITAL—May 29: Murray Perahia piano (Bach, Chopin). Royal Opera (tel: 240.10.60). May 11, 15, 22: Watergate Seven—One May 14: Benny Waters Quartet + Paula Jordan. May 25: Brighton Youth Orchestra, David Gray conductor, John Pignagnoli horn (Bach, Rossini). May 26: BBC Symphony Or-

OF SPECIAL INTEREST



Lorin Maazel.

BRIGHTON FESTIVAL

BRIGHTON—This English sea-side resort town launches its festival on May 3. Events continue through May 26 and include: CONCERTS—May 4: Bournemouth Symphony Orchestra, Arthur Davison conductor (Tchaikovsky). May 10: Royal Philharmonic Orchestra, Yuri Temirkanov conductor, John Lill piano (Prokofiev). May 12: BBC Symphony Orchestra, Oliver Knussen conductor (Stravinsky). May 17: Philharmonia Orchestra, Carlo Maria Giulini conductor, Anne Evans soprano (Mozart). May 25: Brighton Youth Orchestra, David Gray conductor, John Pignagnoli horn (Bach, Rossini). May 26: BBC Symphony Or-

chestra, Lorin Maazel conductor (Berlioz, Debussy). EXHIBITION—To June 30: "Comedy Characters: Harlequin, Punch and Pierrot in England." JAZZ—May 5 and 8: The John Birch Octet. May 12: Berkshire Youth Jazz Orchestra. OPERA—May 23: "Pagliacci" (Leoncavallo). RECITALS—May 7: Paco Pena guitar (Flamenco). May 9: Lewis Lev piano (Prokofiev). May 14: Philip Norman organ (Bach). May 21: Mary Chappelle soprano, Kenneth Cleveland piano, Nicholas Cox clarinet (Schubert). For further information tel: 68.21.27.

EXHIBITION—May 4-June 25: "Bate des Arts." PARIS, Centre Georges Pompidou (tel: 277.12.33). EXHIBITION—To May 10: "Image and Science." To May 27: "Fernando Pessoa, poet: 1888-1935." Espace Cardin (tel: 266.17.30). EXHIBITION—To May 12: "Shogun." Galerie Claude-Bernard (tel: 326.97.07). EXHIBITION—To May 25: "Drawings by Alberto Giacometti." Galerie Karl-Flinker (tel: 325.18.73). EXHIBITION—To May 31: "Paul Klee: The Last Ten Years." Le Petit Journal (tel: 326.28.59). JAZZ—May 6: Alligator Jazz Band. May 11, 15, 22: Watergate Seven—One May 14: Benny Waters Quartet + Paula Jordan. May 21: Memphis Slim. May 25: Pigeon Bleu (tel: 633.24.39). JAZZ—May 17-11: Pigeon Bleu trio. May 24 and 25: Jean Michel Bernard Quartet. Maison de Victor Hugo (272.16.65). EXHIBITION—To June 29: "Le Voyage de Rhin." Musée Bourdelle (tel: 548.67.27). EXHIBITION—To May 16: "Bronze Miniatures."

Musée de Montmartre (tel: 60.61.11). EXHIBITION—Through June: "Montmartre, its origins, its famous residents." Musée du Grand Palais (tel: 261.54.87). EXHIBITION—May 16-Sept. 2: "Renoir." Musée du Petit Palais (tel: 265.12.73). EXHIBITION—To June 30: "James Tissot: 1836-1901." Musée Marmottan (tel: 224.07.02). EXHIBITION—To June 2: "Dionysos de Segonzac." New Morning (tel: 523.51.41). JAZZ—May 10 and 11: Zaka Percussion. May 15: Jimmy Witherspoon. "Théâtre de Paris Blanche" (tel: 87.00.75). DANCE—May 21-25: F. Raffinot Dance Company. Théâtre du Rond Point (tel: 70.74.87). RECITALS—May 5: Malcolm Fraser piano (Beethoven). May 12: Fauré: Fantaisie violin. Bruno Rigutto piano (Beethoven, Mozart). May 26: Daria Hovora piano, Alain Moglia violin, Etienne Fiechard cello (Ravel, Schumann). SAINT-PAUL-DE-VENCE, Fondation Maeght (tel: 328.163). EXHIBITION—To May 16: "Piet Mondrian."

GERMANY

BERLIN, Deutsche Oper (tel: 341.44.49). OPERA—May 3 and 5: "Don Carlos" (Verdi). May 7 and 31: "Il Trovatore" (Verdi). May 8: "Fidelio" (Beethoven). May 14: "Manon Lescaut" (Puccini). May 16, 19, 26, 28: "Pelléas et Mélisande" (Debussy). May 22: "La Bohème" (Puccini). May 23, 25, 29: "Boris Godunov" (Mussorgsky). Schloss Charlottenburg (tel: 3201-1). EXHIBITION—To May 25: "Antonio Watteau." COLOGNE, State Opera (tel: 2076-1). OPERA—May 6, 10, 26: "Madame Butterfly" (Puccini). May 19, 22, 25, 27: "Don Giovanni" (Mozart). FRANKFURT, Alte Oper Frankfurt (tel: 134.04.00). CONCERTS—May 12 and 13: Frankfurt Opera and Museum Orchestra, Michael Gielen conductor (Haydn). May 23 and 24: Frankfurt Radio Symphony Orchestra, Elan Inbal conductor, Siegfried Palm cello (Bruckner, Mahler). May 30: Frankfurt Radio Symphony Orchestra, Michael Piessens conductor (Berlioz, Weber). May 31: New York Philharmonic Orchestra, Zubin Mehta conductor (Mahler). RECITALS—May 4: Shoshana Mintz violin, Paul Ostrovsky piano (Bach, Schumann). May 11: Christoph Eschenbach, Jans Franz piano (Mozart, Schubert). May 30: Yossi Gurnam violin, Theresa Hess piano (Bach). MUNICH, Gärtnereiplatz State Theater (tel: 201.67.67). CONCERTS—May 10, 12, 15: "My Fair Lady" (Lerner, Loewe). OPERA—May 8 and 14: "La Bohème" (Puccini). May 11 and 16: "Die Zauberflöte" (Mozart). OPERETTA—May 4, 9, 19, 26, 28: "The Beggar Student" (Millocker). "Nationaltheater" (tel: 22.13.16). OPERA—May 3: "Carmen" (Bizet). May 4: "Eugene Onegin" (Tchaikovsky). May 6: "Tosca" (Puccini). May 7 and 11: "Elektra" (Strauss). May 10: "Ariadne auf Naxos" (Strauss). May 13: "Salome" (Strauss). May 14 and 18: "Tannhäuser" (Wagner). May 21 and 24: "Don Pasquale" (Donizetti). May 25, 28: "Otello" (Verdi). May 26 and 29: "La Traviata" (Verdi).

HONG KONG

HONG KONG, City Hall Concert Hall (tel: 790.75.21). JAZZ—May 14: Chicago Blues. May 15: Elena Szirmai piano (Debussy, Ravel). May 16: The Joell Hall Dancers. "Trot Theater" (tel: 552.42.67). THEATER—May 14-16: "In the Belly of the Beast" (Abbott).

ITALY

BOLOGNA, Galleria d'Arte Moderna (tel: 30.28.59). JAZZ—May 14: Chicago Blues. May 15: Elena Szirmai piano (Debussy, Ravel). May 16: The Joell Hall Dancers. "Trot Theater" (tel: 552.42.67). THEATER—May 14-16: "In the Belly of the Beast" (Abbott).

NETHERLANDS

AMSTERDAM, Stadsschouwburg (tel: 24.23.11). BALLET—May 24-31: The Netherlands National Ballet ("Three Peas in a Pod," "The Nutcracker," "The Swan Lake").

SCOTLAND

GLASGOW, Mayfair Ballroom (tel: 332.28.72). JAZZ—May 14: Chicago Blues. May 15: Elena Szirmai piano (Debussy, Ravel). May 16: The Joell Hall Dancers. "Trot Theater" (tel: 552.42.67). THEATER—May 14-16: "In the Belly of the Beast" (Abbott).

SPAIN

BARCELONA, Centro de Estudios de Arte Contemporáneo (tel: 329.18.08). EXHIBITION—To May 19: "Anthony Caro."

SWITZERLAND

BERN, Musée des Beaux-Arts (tel: 22.09.44). EXHIBITION—To May 19: "Camille Claudel and Auguste Rodin." GENÈVE, Petit Palais (tel: 46.14.33). EXHIBITION—To June 15: "Marcel Leprieux and Moutard." LUGANO, Palazzo dei Congressi (tel: 58.91.23). CONCERTS—The Swiss-Italian Radio and Television Orchestra—May 10: Francis Traviata conductor (Rossini). May 17: Bruno Amaducci conductor (Gounod, Verdi). May 30: Millades Caridis conductor (Schumann, Dvorak). May 8: Academy of St. Martin in the Fields, Iona Brown conductor (Handel, Scarlatti). May 20: Royal Philharmonic Orchestra of London, Yehudi Menuhin conductor (Elgar, Beethoven). May 23: Vienna Symphony Orchestra, Georges Pretre conductor (Brahms, Strauss). ZÜRICH, Opernhaus (tel: 251.69.20). OPERA—May 16, 19, 27: "Carmen" (Bizet). May 25: "Tosca" (Puccini). May 30: "Don Giovanni" (Mozart). CONCERTS—Tonhalle Orchestra—May 7-10: Ferdinand Linder conductor (Mendelssohn, Strauss). May 15: Cristobal Halffter conductor (Bach, Mozart). May 21-23: Christoph Eschenbach conductor (Beethoven). May 24: Zurich Chamber Orchestra, Edmond de Stoutz conductor (Haydn, Tchaikovsky). RECITAL—May 5: Shoshana Mintz violin, Paul Ostrovsky piano (Bach, Schubert). May 8: Rainer Wolters violin, Jörg Hünemann piano (Mozart). May 15: Elena Szirmai piano (Debussy, Ravel). May 19: Claude Starck cello, Dominique Starck guitar (Bach, Vivaldi).

UNITED STATES

NEW YORK, Guggenheim Museum (tel: 360.35.00). EXHIBITIONS—To May 12: "Eduardo Chillida." To June 16: "Gilbert & George." Lincoln Center (tel: 870.55.70). BALLET—Through June 23: New York City Ballet.

AUSTRIA

VIENNA, Konzerthaus (tel: 72.12.11). CONCERTS—May 16: Vienna Philharmonic, Loren Mäzel conductor, Wolfgang Schultz flute (Bach, Bruckner). May 17 and 19: The Soviet State Symphony Orchestra, Jevgenij Svetlanov conductor, Valerij Klimov violin (Olika, Tchaikovsky). May 20 and 21: Alan Berg Quartet (Ravel, Schubert). May 22: Royal Philharmonic Orchestra, Yehudi Menuhin conductor and violin (Bach, Elgar, Brahms). May 31: Vienna Chamber Orchestra, Philippe Entremont conductor (Bach). RECITALS—May 18: Peter Schreier

tenor, Hans-Joachim Erhard organ (Bach). May 27: Murray Perahia piano (Bach, Beethoven). May 30: Andreas Schiff piano (Bach).

DENMARK

COPENHAGEN, Tivoli Hall (tel: 14.17.65). CONCERTS—Tivoli Symphony Orchestra—May 3: John Frandsen conductor (Brahms). May 7: Inge Fabricius conductor (Vivaldi). May 16: John Frandsen conductor, Yuzuko Horigome violin (Bach, Mozart). May 23: Per Enevold conductor (Handel). May 31: Peter Schreier

tenor, Hans-Joachim Erhard organ (Bach). May 27: Murray Perahia piano (Bach, Beethoven). May 30: Andreas Schiff piano (Bach).

WEEKEND

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FOR FUN AND PROFIT

IATA Adjusts Its Profile To Meet New Pressures

by Roger Collis

THE International Air Transport Association is an organization that air travelers love to hate. It's that price-fixing cartel that protects inefficient state-owned airlines from free market competition through revenue and capacity sharing agreements. IATA is therefore responsible for high air fares, especially in Europe. With strong initiatives for deregulation by the European Commission, spurred by the U.S. example and the British and Dutch governments, isn't it about time that a self-serving cartel lost its antitrust immunity?

This is a fashionable argument that contains an element of sound reasoning, but it's not the whole story. As Graham Greene once said, life isn't black and white, it's black and gray. IATA has been its own worst enemy by failing to get across to the consumer that governments decide which airlines fly on which routes, thus controlling both entry and capacity. This goes back to the Chicago Convention in 1944 which resulted in bilateral agreements between nations (today there are 23,000 bilateral agreements) covering everything from aircraft to pilot training to baggage handling.

Moreover, tariff setting is only the contentious tip of a very large iceberg. About 80 percent of IATA's activities are reported to be concerned with such worthy things as interline agreements that enable a traveler to purchase a ticket in one currency and transfer with baggage across any network in the world, engineering cooperation, pilot training and standardization of navigation procedures. According to Geoffrey Lipman, director of government and industry affairs for IATA, at any one time the organization has about 130 committees, each typically consisting of experts from 20 airlines working on everything from safety procedures to baggage handling. About \$20 billion a year of interline payments are settled through the IATA clearing system. It is arguable whether symbiotic cooperation like this between competitors violates antitrust rules. But it must help toward airline efficiency and certainly makes life easier for the traveling public.

Eser has plans to extend this kind of cooperation. He says that IATA is thinking of investing \$800 million in a central computerized reservations system for members. And that as a result of insurance-rate increases of 50 to 100 percent in 1984 IATA will get into the reinsurance business by activating two of its own entities in Bermuda. Eser also talks of raising \$2 million through IATA foundations to finance training programs for the personnel of developing nations' airlines. These make up about a third of IATA's 135 members.

Another priority, Eser says, is to recruit more members, especially in the Far East, where IATA is under-represented. Ironically, it was competitive pressure on IATA carriers from Malaysian Airlines and Singapore Airlines that contributed to a major reform of IATA's tariff rules in the late 1970s. Up to then, IATA set not only fares but in-flight standards and rigidly enforced them through a team of 80 inspectors who could levy large fines on members for non-compliance. Member airlines rebelled when they were unable to match the lower fares, free drinks and superior cuisine of the non-IATA carriers. IATA officials refer to the "bad old days when we legislated everything from seat pitch to sandwiches." Says Lipman: "We were self-defeating in those days, penalizing our own members for trying to be competitive. The marketplace had changed faster than the regulatory mechanism."

There were other pressures. Deregulation had been completed in the United States by 1978 and winds of change were blowing across the Atlantic. Washington wanted to force free pricing on the Atlantic and compromised with the Europeans on a "zone of freedom" system whereby airlines would be free to set prices within ranges agreed by the governments. This was the U.S.-ECAC (European Civil Aviation Conference) "Memo

of Understanding." It has had far-reaching consequences.

There has been partial deregulation on the North Atlantic, with the result that charter traffic has declined from 30 percent of the market in the late 1970s to 10 percent today. And the "zones of freedom," or "tariff zones" concept has been adopted in the European Commission's deregulation formula (Memorandum 2) introduced last year. Some 20 nations have entered into more liberal bilateral agreements with the United States on the Atlantic, Pacific and in the Americas. (There are 23 U.S. bilateral agreements up for discussion soon.) These provide in varying degrees for multiple entry of carriers, no capacity restraints and "rules of origin" (either country can set fares without approval of the other) or "double approval" (a price can be thwarted only if both governments disapprove it). Historically, bilaterals have been on a "double approval" basis, whereby both sides have to agree before a new price can be introduced.

By 1979 it was clear that IATA's system of unanimous agreement within tariff conferences had become unworkable. "Trying to get everybody to agree to everything became an administrative nightmare," Lipman says. "IATA had to change or go under." There

Tariff setting is only the tip of a big iceberg

were simply too many divergent interests in different parts of the world, competitive airlines and liberal governments were trying to force tariffs down and the introduction of wide-bodied aircraft had produced a cascade of promotional fares.

In 1980 IATA membership was split into two categories, trade association and tariff coordination, participation in the latter no longer being compulsory. (Twenty-seven airlines have chosen this option.) A majority rule system was introduced in tariff discussions, which are now divided into 57 route areas. This makes it easier to achieve partial agreements between airlines. Says one airline official: "It's possible for one carrier from a country to be left out if it doesn't agree and at the same time observe the rest of the package." Several small and regional airlines have now joined IATA and U.S. airlines, like Pan Am, who left IATA in 1978, have now returned. Interestingly, Virgin Atlantic is a member, but only of the IATA trade association.

IATA seems to be making a determined effort to adapt its procedures to the evolution of the regulatory process. According to a senior official: "There are a lot of cases now where a carrier can simply advise me about a new fare. But there are other areas, Africa for example, where operators on the route are obliged, under the bilaterals to agree to a joint proposal. We are applying government rules within our own rules. And providing a forum for airlines to sit together and talk."

Last September IATA introduced what it calls a Tariff Reform Action Package for Europe. "The idea is to get innovation up front much more quickly, and if the bilateral partners have a dispute, as happened once between Air France and SAS on business class, we're trying to find some kind of arbitration process," Lipman says. IATA has also opened up its tariff conferences to consumer groups and regional governmental aviation organizations. "Transparency" is the latest buzzword.

According to Eser, IATA shares the views of the European Commission that U.S.-style deregulation is both impracticable and undesirable in Europe, with its mix of sovereign states, and that some form of tariff zone system should be the direction to take. Eser is seeking to reduce government influence and is strongly opposed to another layer of bureaucracy being imposed on the airline industry at an EC level.

Whether or not IATA will contribute toward bringing down air fares in Europe is an open question and a separate issue. (There's too much talk about airline profits and not enough about airline efficiency. And haven't developing nations got better things to do with \$100 million than buy a Boeing 747?) But an official at Swissair says: "We are convinced that IATA becomes more important, even if we have some form of deregulation. Increased complexity is going to need more coordination."

The unfashionable conclusion is that if IATA didn't exist, it might need to be invented.

Some Addresses and Prices

The following is practical information on some of the hotels and restaurants mentioned in the article to the right. Prices quoted include tax and service charge, except where otherwise indicated, and are given in the current U.S. dollar equivalent.

MULL:
Thorn House (Isle of Mull, Argyll, Scotland); tel: Thurston 232. Double rooms, including breakfast, \$75 to \$100.

EAST ANGLIA:
Stipham Place (Church Close, Stipham, Norfolk IP25 7LX); tel: Dereham 820303. Double rooms \$45 to \$70, with breakfast. Five-course dinner for two \$43, plus 10 percent service charge. No credit cards.

Le Talbooth (Gun Hill, Dedham, Colchester, Essex CO10 7SA; Colchester 323150). Dinner for two about \$50. No credit cards.
Weeks (31 Egmont Street, Glenisford, Suffolk CO10 7SA; Glenisford 281573). Dinner for two about \$50. No credit cards.

THE FINNISH LAKES:
Rustanin Antikoti (Hameenlinna, Route Antikoti; tel: 29521). Double room \$70.
Rustanin Lajavouri (Jyväskylä, Lajavouri; 251122). Double room with breakfast, \$75.

BRUSSELS:
Comme Chez Soi (23 Place Royale, Brussels; tel: 512.29.21). Dinner for two, excluding service, \$100 to \$135.
Auberge du Moulin Hildeux (1 Route de Dohan, 6831 Norefontaine; tel: 46.70.15). Double room, with breakfast, \$60.

UPPER DANUBE:
Hotel Richard Löwenherz (Dürnstein, Lower Austria; tel: 222). Double room, with breakfast, \$47.
Jamek (Joching, 3610 Weisskirchen, Lower Austria; tel: 2235). Dinner for two from \$30 to \$60.

ALSACE:
Auberge de l'Elle (Route de Gelnau, Illhauseren; tel: 71.83.23). Dinner for two \$110.
Crocodile, 10 Rue de l'Outre, Strasbourg; tel: 32.13.02. Dinner for two \$70.
Aux Armes de France (1 Grand Rue, Amerschwiler; 47.10.12). Dinner for two \$80.
Schilling (16 Rue Stanislas, Colmar; 41.43.17). Dinner for two \$80.

MILAN:
Gualtiero Marchesi (9 Via Bonvisini de la Riva; tel: 741246). Dinner for two \$60 to \$100.
Aime e Nadia (6 Via Montenapoleone; 416886). Dinner for two \$50 to \$80.
Al Porto (Piazzale Generale Cantore; 8321481). Dinner for two \$40.

MODENA:
Fini Hotel (441 Via Emilia Est; tel: 238091). Double room \$65. Breakfast \$6.

BARCELONA:
Siete Puertas (14 Passeig d'Isabel II; tel: 319.3033). Dinner for two \$16 to \$37.
Ama Lur (275 Mallorca; 215.3024). Dinner for two \$43 to \$73.
Jaume de Provença (88 Provença; 230.0029). Dinner for two \$20 to \$40.
Raco d'En Bim (14 Plaça i Cadafalch, Argemona; 797.0101). Dinner for two \$30 to \$45.

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TRAVEL

Leaving Crowded Europe Behind

Continued from page 9

world admires — Rembrandt and Godefrid de Huy, two of the geniuses of medieval enamel work and sculpture; Jan van Eyck and Rogier van der Weyden and Pieter Christus and Hans Memling, masters of perspective, color and detail, and finally Rubens and Van Dyck, the superstars of the 17th century. Its restaurants are the equal of France's, and Comme Chez Soi in Brussels is one of a half-dozen contenders for the best in Europe. Its forests are captivating — particularly the Ardennes, in the south, with its game, its hams, its deeply cut river valleys and its moss. And yet, with the exception of Bruges and Ghent, Belgium remains terra incognita to most tourists; it is known to too many people as a land of beer drinkers, dowdy women and dull men — the apothecary of the bourgeoisie.

Spent a few days in any one of a number of good hotels in Brussels. After you have explored the Grand Place, one of Europe's noblest squares, and the art museums, and the wealth of Art Nouveau buildings, make a series of day trips — to Antwerp, where you should see not only the Beaux-Arts Museum but also the cathedral, with two great Rubenses, and the choice collection put together by the 19th-century connoisseur Mayer van den Bergh; to Ghent for van Eyck and to Bruges for van Eyck and Memling and the canals; to Liège, if only to see the incredible, richly sculptured Romanesque baptismal font in the Church of St. Bartholomew. A few days in the Ardennes (try the seductive Auberge du Moulin Hildeux at Norefontaine) would provide a perfect coda to such a holiday.

German Expressionists

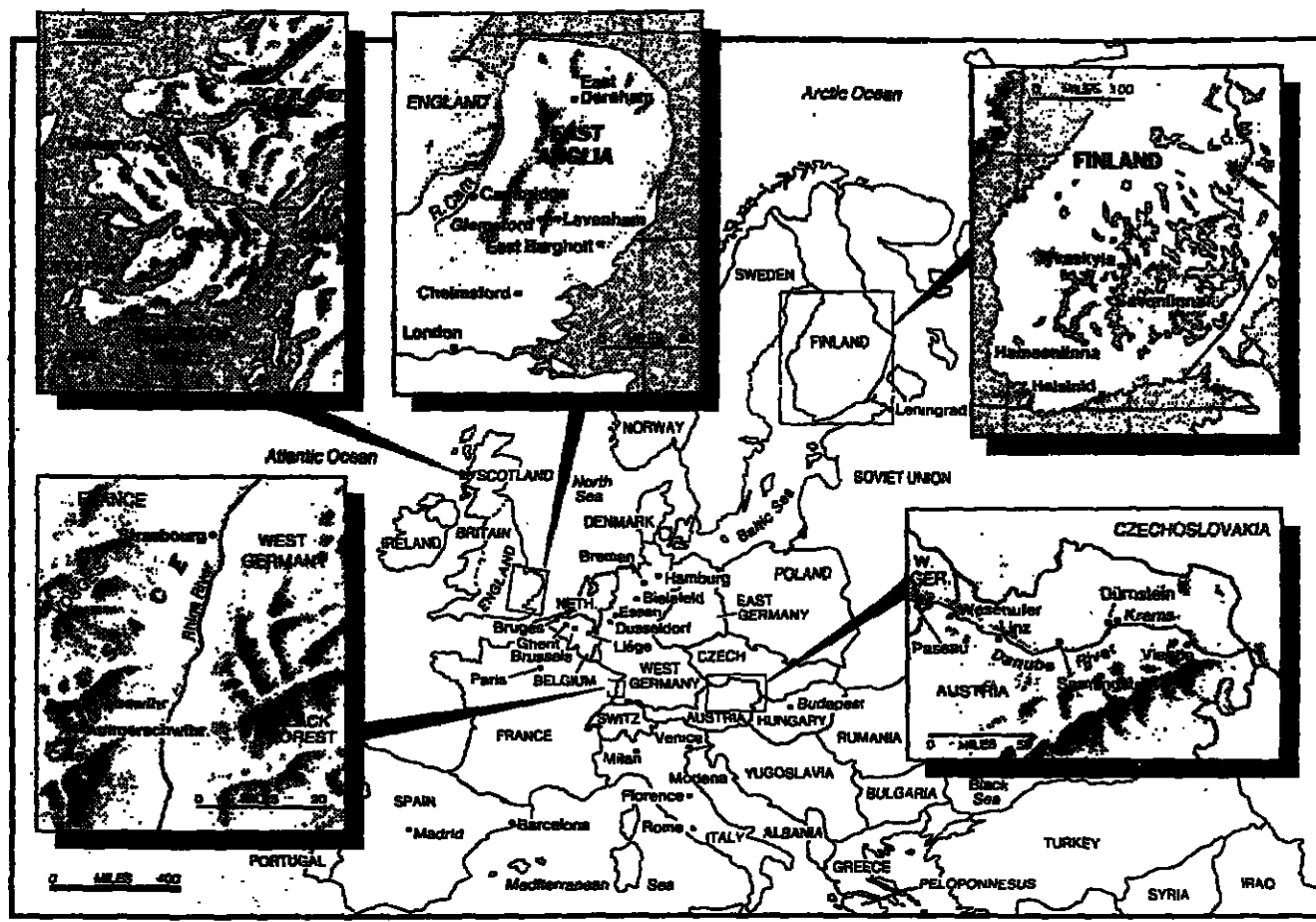
Only in Germany can one see the work of these painters, who helped to shape the modern movement, in its full scope. There were two major groups of Expressionists — Die Brücke, which included Kirchner, Heckel, Nolde and Schmidt-Rodloff, who shared a passion for pure colors and often slashing draftsmanship; and Der Blaue Reiter, which included more radical, abstract and semi-abstract painters such as Marc, Macke, Klee and Kandinsky.

Happily for our purposes, many of the museums with the best collections are off the beaten track, in cities better known to business people than tourists. Several are clustered in the northwestern part of West Germany, conveniently linked by Autobahn: the Kunsthalle in Hamburg, the Kunsthalle in Bremen, the Folkwang Museum in Essen, the Kunsthalle in Bielefeld and the Kunstsammlung Nordrhein-Westfalen and the Kunstmuseum in Düsseldorf. Hamburg and Düsseldorf also offer superb shopping and excellent music; in Hamburg, you can choose between the Atlantic Hotel Kempinski or the Vier Jahreszeiten if you're feeling flush, or stay at the cozy, centrally located little Prem if you're not, and there are similar good choices in most of the stops on this journey. At Seebüll, north of Hamburg on the Danish border, is the outstanding small museum devoted to the works of Emil Nolde, including the "Life of Christ," considered his masterpiece.

The Upper Danube

Although the waters of the river do not always display the color of which Strauss' great waltz sings, its 200-mile course from Passau in West Germany to Vienna is enough to stir the heart of any romantic. Along the banks stand castles, church towers, vineyards and fine Renaissance houses. The trip can be made by boat, but a leisurely motor trip is better, because it affords the chance to explore and to dawdle. You will want to visit villages such as Weissenau, where flowers seem to spill from every balcony; crag-top ruins such as those at Strudenz and Sarningstein; valleys such as the Nibelungen, with its links to Wagnerian legend; and the Wachau, with its orchards and steeply terraced vineyards.

The highlights are two abbey: St. Florian, with Bruckner's grave and 14 paintings by the Danubian master Albrecht Altdorfer — by far the largest extant collection — and Melk, the finest Baroque building in Austria, built by Jakob Prandtmayer on a bluff 150 feet



above the river. Perhaps you will react like Patrick Leigh Fermor who, walking in the 1930s from London to Constantinople, as Istanbul was then known, concluded that "ceremonious and jocular, Melk is high noon." Almost every little town has its inn, invariably clean and colorful, where one can sample the local wine, and there are larger establishments in Linz, Krems and Dürnstein, where the antique-filled Hotel Richard Löwenherz is laid out in an old vaulted convent. Jamek, at Weisskirchen in the Wachau, is one of the four best restaurants in Austria.

Budapest

Of all the cities of Eastern Europe, I like Budapest best, even though it lacks Lenin's art treasures and Prague's architectural splendor. I like it best because of its sense of exuberance, because of its food and above all because of its people, the witty, articulate, handsome, talented Hungarians. A relatively liberal economic policy means that it has good hotels, shops with full shelves (Herend porcelain and photograph records are special bargains) and a central market bursting with fruits and flowers and cheeses and, of course, peppers in every color of the rainbow. I usually stay at the Hilton, built around the ruins of a 13th-century Dominican church atop Castle Hill.

Visit the National Museum, which holds antiquities as well as St. Stephen's Crown, a treasure of Byzantine art, returned by the United States in 1978; the Fine Arts Museum, which has extensive holdings of Spanish pictures, surprisingly enough (El Greco, Goya); go to a performance at the newly restored State Opera, have dinner at the Matyas Pince, where only the best gypsy bands play. At every turn, you will be fascinated by this brave, cosmopolitan city — especially if you can persuade an English-speaking Hungarian to tell you the latest anti-Soviet jokes.

Alsace

Some of the best eating in the world is crowded into this strip of eastern France, which faces the Black Forest across the Rhine, along with the peaks of the Vosges, the stunning Isenheim altarpiece of Matthias Grünewald at Colmar and the bustling city of Strasbourg, seat of the European Parliament. The Auberge de l'Elle in Illhauseren, set beneath weeping willows along a little river, is the most reasonably priced and one of the

best of France's three-star restaurants, and there is no more warmhearted host than the effie Jean-Pierre Eschbach. Crocodile at Strasbourg, Aux Armes de France at Amerschwiler and Schilling at Colmar are other fine tables, but you should also sample the old-style regional cuisine — especially the choucroute, the more refined French version of sauerkraut — at a brasserie or a simple village bistro.

Between meals, stroll through Colmar, which is full of quirky half-timbered buildings, and see Strasbourg, which has a fine cathedral, several good museums and an old quarter called Petite France, where medieval buildings are reflected in canals. By no means miss Riquewihr, a town untouched by the wars that have ravaged this border area for centuries; it looks today much as it looked in the 16th century. Riquewihr lies in the heart of the Alsatian vineyards, and it is the headquarters of Hugel, one of the most esteemed names among Alsatian growers. Jean Hugel, whose family has been in the trade for hundreds of years, is a hearty, broad-shouldered man who speaks perfect English, and he and his co-workers are happy to show interested visitors around his cellar.

Milan

Italy's second largest city is its economic capital; southern Italians find its people so energetic that they often call them "the Germans." But Milan is also an art city. In addition to the white, multipiered Duomo, it boasts the Brera Gallery, with famous works by Piero della Francesca and Raphael; the Ambrosiana gallery, with one Leonardo masterpiece and maybe two (the attribution of the second is disputed); the most celebrated of all paintings, Leonardo's "Last Supper," once again undergoing restoration but still largely visible; and one of Europe's most inviting small museums, the Folli Follie.

The Via Monte Napoleone is one of the world's great fashion avenues, and nearby streets house the showrooms of Europe's best modern design industry — Arreda, Arteluce, Memphis, Cassina. The food is fabulous; try Gualtiero Marchesi for Italian nouvelle cuisine, or Aime e Nadia, less well known but perhaps even better; Al Porto for fish; Alfredo Gran San Bernardo or Savini for the local classics, veal scallopine and rice with saffron. Through much of the year, La Scala presents the world's greatest orchestras, singers and recitatives. So who needs to join the hordes in hot Rome and Florence this summer?

Modena

There are at least two or three dozen small towns and cities in Italy that are worth an excursion; some are very well known, like Assisi and Verona, others much less so, like Todi and Volterra. One place that never seems to me to get its due is Modena, the industrial city of about 180,000 northwest of Bologna where Ferrari and Maserati cars, among other things, are produced.

Its cathedral, which has just been restored, is one of the very finest Romanesque buildings in Italy, notable especially for the sculptural decoration (bas-reliefs, doorways) executed by a 12th-century Lombard master known as Wiligelmo. Inside, the sober brickwork is relieved by a graceful red screen supported by Lombard lions. The local dominance of the Este family is reflected in a library containing 15,000 manuscripts, the most beautiful of which are on view, and a good small picture gallery.

Dr. Giorgio Fini, whose company sells millions of bottles of *aceto balsamico* (a dark, potent herb vinegar) and *zampori* (pig's feet), operates a neat, modern hotel in Modena plus a restaurant with about 200 regional specialties. Easy excursions can be made to Mantua (Mantegna frescoes), Parma (ham, cheese, Correggio frescoes) and a baptistry with magnificent carving by Antelami, a fit rival for Wiligelmo) and Ferrara (the Este palace).

Barcelona

Where to go in Spain? The coast will be jammed, the old Moorish cities of the south ditto, Toledo even more ditto, and Madrid will be too hot. The proud and compelling Catalan capital would be my choice. I agree with James Michener when he writes, "to travel across Spain and finally to reach Barcelona is like drinking a respectable red wine and finishing with a bottle of champagne." This is the city of Antoni Gaudí, the fiercely individualistic architect considered one of the fathers of Art Nouveau. His Sagrada Família church, begun in 1884, is still under construction; it is open to the public, and you can also visit Güell Park and two downtown apartment buildings, the Casa Batlló and the Casa Milà. Museums abound — the vast Museum of Catalan Art on Montjuïc Hill, which is filled with treasures removed from Pyrenean churches; museums devoted to the work of two famous Catalan modernists, Pablo Picasso and Joan Miró; the Museu de l'època, with a renowned collection of polychrome wood sculpture, and the Cambó collection, with works by Raphael, Botticelli and Titian.

This is the place to shop for leather goods of all kinds, at prices a third of those in New York, and for elegant modern jewelry. And Barcelona offers absolutely superb food, which shows the influence of neighboring France, ranging from simple local fish dishes (try the restaurant Siete Puertas) to highly innovative cooking in lush surroundings (try Ama Lur and Jaume de Provença). Perhaps best of all is Raco d'En Bim, about 20 miles northeast at Argemona. Stay at the soothingly old-fashioned Ritz if you can.

The Peloponnese

The peninsula west of Athens has more than its share of glorious archaeological sites, it is less crowded than Athens or Delphi or the main islands, and its people are warmhearted toward Americans, whatever the Papandreou government may be saying or doing at the moment. A year or so ago, my wife and I stopped at a rural taverna for a quick lunch and stayed for several hours, talking to local people who introduced themselves through the simple expedient of sending samples of what they were eating and drinking to our table. The landscape is, well, Arcadian — a word we take from the name of the hilly area in the central part of the Peloponnese.

In a week's unburied driving, you could see the ruins at Corinth; the theater at Epidaurus, probably the best preserved in Greece; the charming coastal islands of Spetsai, Poros and Hydra, all of which can be reached by ferry; Agamemnon's capital at Mycenae, excavated by the brilliant German amateur, Heinrich Schliemann, starting in 1876; Sparta, evocative in name but sterile in reality; remote Mistra, with lovely little apricot-orange Byzantine churches scattered across a hillside and filled with luminous frescoes; Bassae, a perfect little temple isolated on its ridge between two ravines, and Olympia, birthplace of the Games.

There are adequate hotels, and a few good ones, in such centers as Nauplia, near Mycenae, and Sparta and Olympia. But this is a circuit best made without firm plans, stopping where whim dictates, even if the accommodation may be rudimentary.

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The castle in Buda.

(Continued from Page 8)

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Age Group	Percentage of Respondents
18-29	85%
30-49	80%
50-69	75%
70+	70%

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The mutations shown below are covered by the Fund

Year	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100																																												
1920	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37	1.38	1.39	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99	2.00	2.01	2.02	2.03	2.04	2.05	2.06	2.07	2.08	2.09	2.10	2.11	2.12	2.13	2.14	2.15	2.16	2.17	2.18	2.19	2.20	2.21	2.22	2.23	2.24	2.25	2.26	2.27	2.28	2.29	2.30	2.31	2.32	2.33	2.34	2.35	2.36	2.37	2.38	2.39	2.40	2.41	2.42	2.43	2.44	2.45	2.46	2.47	2.48	2.49	2.50	2.51	2.52	2.53	2.54	2.55	2.56	2.57	2.58	2.59	2.60	2.61	2.62	2.63	2.64	2.65	2.66	2.67	2.68	2.69	2.70	2.71	2.72	2.73	2.74	2.75	2.76	2.77	2.78	2.79	2.80	2.81	2.82	2.83	2.84	2.85	2.86	2.87	2.88	2.89	2.90	2.91	2.92	2.93	2.94	2.95	2.96	2.97	2.98	2.99	3.00	3.01	3.02	3.03	3.04	3.05	3.06	3.07	3.08	3.09	3.10	3.11	3.12	3.13	3.14	3.15	3.16	3.17	3.18	3.19	3.20	3.21	3.22	3.23	3.24	3.25	3.26	3.27	3.28	3.29	3.30	3.31	3.32	3.33	3.34	3.35	3.36	3.37	3.38	3.39	3.40	3.41	3.42	3.43	3

[illegible]

Dated March 18, 1985

in 164 Countries
Around the World.

May 2

Held Steady in April

The Associated Press

LONDON — Britain's unemployment rate held steady at 13.1 percent in April, the government announced Thursday.

The number of jobless Britons was a record high of 3,177,200 on seasonally adjusted basis.

Employment Secretary Tom King told a television interviewer that the British economy was creating many new jobs, and he thought the latest statistics could be "an erratic figure."

He said 340,000 jobs had been created in the past year, "but what we also know is that we've got a lot more people coming into the labor force."

On an unadjusted basis the number of unemployed was 3,272,565, or 13.5 percent of the labor force, the Department of Employment said.

The Associated Press

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Commodity prices	P.18	Market summary	P.8
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Dividends	P.14	Other markets	P.18

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TECHNOLOGY

1 Europeans Debate Value 2 Of 'Star Wars' Research

By BARNABY J. FEDER

New York Times Service

LONDON — European business executives are in a quandary about the wisdom of President Ronald Reagan's "star wars" research program and proposals for Europe to join in. Many think the program will have a major impact on the development of a wide range of key communications and materials technologies, but they are deeply split over whether Europe stands to gain or lose by participating.

The divisions were evident in Munich last week, where the Geneva-based Institute for Research and Information on Multinationals and The Financial Times conducted the most recent of a string of conferences catering to the fears in Europe about its lagging performance in comparison with the United States and Japan in developing new industries based on modern technology.

The views reflect broad concerns about European technology development. The most important is the hobbling effect in many fields of the lack of a true common market in Europe.

"If Europeans do not participate in the Strategic Defense Initiative or pursue a similar program on their own, as France has suggested, they will have to accept that they will be completely unimportant technically, politically and socially for the rest of the century," warned Leo Neffodow, chief adviser on information and communication technology for the Society of Statistics and Data Processing, a Bonn-based software company.

"If you are a backward market and rely on natural demand development, you are cementing your disadvantage," he said at the Munich conference.

Mr. Neffodow said that International Business Machines Corp., in particular and the United States computer industry in general had obtained an invaluable advantage over the rest of the world as a result of heavy military and space agency spending in the 1950s and 1960s. His conclusion: SDI research would give those participating a similar leg up in decades to come.

FRANK Steinkühler, a top official with IG Metall, West Germany's largest labor union, disagreed with that interpretation of a \$26-billion SDI research investment. He pointed to Japan's success at developing technology-based industry with virtually no military-related spending. Other speakers chose not to refer directly to the "star wars" debate, but reached conclusions inconsistent with a heavy European investment.

"Do we want to produce leading-edge technology in European laboratories and research centers, or is the ultimate goal really to create permanent jobs and internationally competitive companies?" asked J.S. McGregor, the chairman of Honeywell Ltd., the British subsidiary of the U.S. electronic products and controls company. "If the answer to the question is the latter, perhaps what we should be striving for is pre-eminence in the commercial application of technology."

It does not take an observer long to encounter deep skepticism about how much Europe might gain from investing in American-led "star wars" research. Business executives who identify themselves as supporters of the Strategic Defense Initiative say that United States companies would fight successfully to exclude the Europeans from portions of the research program that seemed likely to have valuable spinoffs.

Because European companies must develop new technology in small domestic markets, it is harder to recover costs quickly. The effects of the restricted market are worsened in many cases by other problems, including less access to venture capital; less flexible labor markets; risk-averse managers and customers; and government protection of state-owned monopolies in such key areas as telecommunications.

Hutton Cited for Fraud

It Pleads Guilty
To 2,000 Counts

Compiled by Our Staff From Dispatches

WASHINGTON — E.F. Hutton & Co., the fifth largest American investment firm, pleaded guilty Thursday to 2,000 violations of U.S. mail and wire-fraud statutes stemming from its handling of checking accounts at commercial banks from 1980 to 1982.

The firm agreed to pay a \$2-million fine, plus \$750,000 to defray the costs of the federal investigation. Hutton said the funds had already been set aside and were reflected in reported earnings.

The essence of the charges was that Hutton obtained the interest-free use of millions of dollars by intentionally writing checks in excess of the funds it had on deposit in various banks. The Justice Department, which had filed a criminal information against Hutton in U.S. District Court in Scranton, Pennsylvania, said in a statement.

The agreement also calls for restitution to the estimated 400 banks involved.

Hutton said the practices to which it pleaded guilty did not involve or threaten customer or client funds. Hutton stock plunged \$3 on the New York Stock Exchange, to \$29.50 a share, when it reopened for trading Thursday after a company-requested trading halt.

Hutton said the practices were stopped immediately when they came to the attention of senior management in early 1982 and have not recurred in the past three years.

The criminal information charged that "during the course of the scheme, Hutton's drawings against uncollected funds totaled more than \$1 billion, with daily overdrafts sometimes exceeding \$250 million."

The purpose of the scheme, it said, was "to obtain the daily interest-free use of millions of dollars in bank funds, thereby avoiding the necessity to borrow funds at interest rates which, during the course of the scheme, reached an annual rate of 20 percent." (AP, Reuters)

Tracking the Money Launderers: U.S. Officials Look to Switzerland

By David B. Tinnin

International Herald Tribune

ZURICH — Swiss bankers are bracing for yet another U.S. attack on their financial practices and cherished bank-secrecy laws.

This time, U.S. officials are calling for Switzerland to take steps to counteract what they say is the growing role of Swiss banks in money laundering. That is the catch phrase for the conversion of money earned through such illicit enterprises as drug dealing into either "clean" currency or financial instruments that betray no trace of the owner's criminal activities.

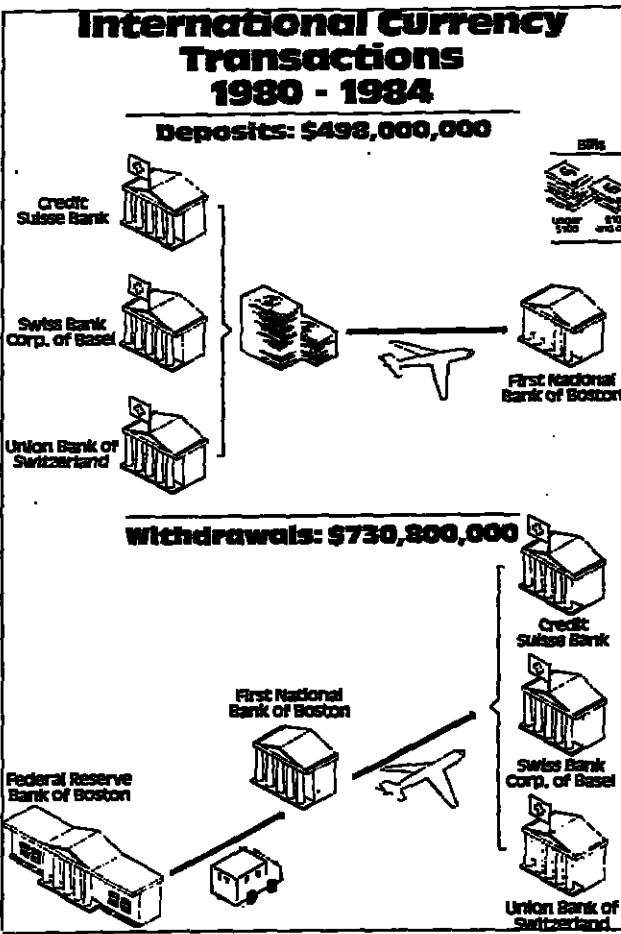
According to Reagan administration estimates, criminals launder about \$60 billion a year within the United States and another \$5 billion to \$15 billion a year abroad.

For their part, Swiss bankers deny that they are knowingly engaged in money laundering, although they readily concede that already laundered money may on occasion find its way into the normal flow of currency transactions between Switzerland and the United States. U.S. financial institutions also deny that they are knowingly engaged in money laundering.

The latest pressure is generating some anxiety in Swiss banking circles because several previous encounters with Washington have left the country's sacrosanct banking laws a bit bent. In the late 1970s, for example, the Swiss bowed to pressure from Washington and agreed to open to U.S. investigators the bank accounts of persons accused of breaking U.S. criminal laws.

More recently, the Swiss government was obliged to stop holders of anonymous fiduciary accounts from using them to evade U.S. laws against insider trading, the practice of buying or selling stocks on the basis of information not available to the general public.

There is also the celebrated case of Marc Rich, a commodities trader who fled to Switzerland to escape criminal prosecution and who found sanctuary in the Swiss financial enclave of Zug. After a series of acrimonious exchanges, the Swiss finally



The chart shows the flow of money between First National Bank of Boston and the Big Three Swiss banks. The Swiss banks collect U.S. currency from tourists and other banks abroad and ship it by air for deposit to their accounts in Boston. They withdraw bills to meet their own needs and those of their customers from the same accounts, and receive the new currency via air shipment.

surrendered records of Mr. Rich's Swiss-based companies to U.S. investigators. Normally, the records would have been protected by the country's confidentiality codes.

Although the companies involved subsequently reached a settlement with U.S. authorities, Mr. Rich still faces criminal prosecution for tax evasion if the United States can persuade the Swiss to hand him over. Under

Swiss law, however, income-tax evasion is not a criminal offense.

The latest pressure on the Swiss arises from a congressional investigation into the dealings of Bank of Boston Corp., holding company for New England's largest bank. In February, Bank of Boston was fined \$500,000 for failing to report to the Internal Revenue Service more than \$12 billion in currency dealings with Swiss in 1983. (Continued on Page 15, Col. 1)

Sales Boost VW To Profitability During 1984

By Warren Getler

International Herald Tribune

WOLFSBURG, West Germany — Volkswagenwerk AG said Thursday that brisk sales in the United States boosted its consolidated net profit in 1984 to 228 million Deutsche marks (\$73.7 million), its first profit in two years.

But Carl H. Hahn, management board chairman of West Germany's largest automaker, cautioned that the size of the profit "clearly does not stand in good proportion" to the group's 1984 sales of more than 45 billion DM.

In the first quarter of 1985, VW said, worldwide net rose 174.5 percent to 140 million DM from 51 million DM a year earlier. Sales in the first three months jumped 14.5 percent to 13.4 billion DM.

Mr. Hahn said the first-quarter surge could not be viewed as an index for the full year. "We can hardly reckon on double-digit sales growth," he said, adding that much depended on the future exchange rate of the U.S. dollar.

VW stock closed Thursday unchanged at 206.50 DM on the Frankfurt Stock Exchange.

The company reported earlier this year that worldwide revenue surged 14 percent in 1984 to a record 45.7 billion DM. It also said that it was restoring a 5-DM dividend on its 1984 results, last paid for 1981.

VW reported losses in 1984 of 215 million DM and in 1983 of 300 million DM.

VW had reported a group loss of 47 million DM for the first nine months of 1984. But stepped-up efforts to rebuild production lost during a two-month metalworkers' strike and a sharp depreciation of the Deutsche mark against the dollar helped generate a 139-percent surge in group net profit to 275 million DM in the fourth quarter.

A major profit burden unrelated to car production last year was a 348-million DM loss at VW's troubled West German office-equipment subsidiary, Triumph-Adler AG. The loss chiefly was the result of major write-offs at Triumph-Adler's U.S. office-computer subsidiary, Pentec.

Mr. Hahn said VW's return to profit could be traced to the success of its new Golf II and Jetta models in both the European and North American markets, to strong U.S. demand for upper-market models of its Audi subsidiary and to narrowing of losses at its Latin and South American operations. It also improved through cost-cutting measures at home and through large-scale automation of production lines, he said.

An analyst at Westdeutsche Landesbank Girozentrale in Düsseldorf said that VW's return to profitability was based largely on improved performance overseas, particularly in the United States and Latin America. But in 1985, he said, VW must overcome considerable challenges.

U.K. Sets Sale Of Britoil Stake

International Herald Tribune

LONDON — The government announced Thursday plans to sell its 49-percent shareholding in Britoil PLC later this year.

Based on Thursday's closing price of 218 pence a share, the government stake is valued at about £532 million (\$649 million). In November 1982, the government sold 51 percent of Britoil's shares for 215 pence each. Before that, the company was the exploration and production arm of state-owned British National Oil Corp.

The share price plunged after the 1982 offering, partly reflecting fears of an oil-price collapse. Since then, the price has remained relatively weak as investors awaited a new sale of shares from the government. The Edinburgh stockbrokerage of Wood, Mackenzie & Co. recently described Britoil shares as "cheap" on a long-term view and valued the company's assets at 412 to 450 pence a share.

U.S. Pipeline Firms Set \$2.3-Billion Merger

The Associated Press

OMAHA, Nebraska — InterNorth Inc. and Houston Natural Gas Corp. announced on Thursday that they would merge to form what industry officials said would be the first border-to-border, coast-to-coast pipeline system in the United States.

The companies said a subsidiary of Omaha-based InterNorth would soon begin a cash tender offer for all common shares outstanding of Houston Natural Gas at a price of \$70 to be followed by a merger. The total price of the transaction was estimated at \$2.3 billion.

A stipulation of the offer is that at least half of the Houston Natural Gas shares outstanding be validly tendered, the companies said.

Houston Natural Gas also gave InterNorth an option to buy 5.9 million shares of Houston Natural Gas at \$70 per share and an option to buy two-thirds of the stock of certain of Houston Natural Gas's Texas intrastate pipeline subsidiaries, including Houston Pipeline Co., for \$867 million.

The definitive merger agreement, approved by directors of both companies, was announced by Sam Segnar, chairman and chief executive officer of InterNorth, and Kenneth L. Lay, chairman and

chief executive officer of Houston Natural Gas.

InterNorth will operate under the name HNG InterNorth upon completion of the merger. Mr. Segnar is to be chairman and chief executive officer of the combined company, and Mr. Lay will be president and chief operating officer.

The merged company would rank second in size only to Houston-based Tenneco Inc.

In consolidated New York Stock Exchange trading Thursday, Houston Natural Gas closed at \$67.25 a share, up \$8.625. It closed up \$11.75 Wednesday at \$58.625.

InterNorth announced earlier that it had arranged a \$2.5-billion line of credit with a group of banks led by Citibank of New York. InterNorth shares closed down \$3.50 Thursday at \$48 on the NYSE.

Jay Olson, an analyst with Drexel Burnham Lambert in Houston, said that InterNorth's primary motive in acquiring Houston Natural Gas was a defensive move to prevent a hostile takeover attempt. He said that the Houston company's stock was worth no more than \$60 a share.

Curt Launer of L.F. Rothschild, Unterberg, Towbin in New York agreed that the \$60 price was a likely figure.

"I don't see how InterNorth could justify an offer of more than \$60 a share, considering the size of HNG's debt," he said.

Houston Natural Gas has had its headquarters in Houston since its company was founded almost 60 years ago. At the end of 1984, the company employed 3,100. Its pipeline system runs from Florida to California.

InterNorth has 11,000 employees, with 3,100 in Texas. The company has a pipeline system extending from the Texas Panhandle to the Canadian border.

The two companies have few duplicating facilities, but there are overlapping facilities in Texas. InterNorth acquired an interest in Valero Energy Corp. of San Antonio and the two companies formed a natural gas marketing company that competes directly with Houston Natural Gas's Texas intrastate subsidiary, Houston Pipe Line Co.

First-quarter earnings for 1985 reported by Houston Natural Gas showed the company had net income of \$39.4 million and total revenue of \$938.7 million. During the first quarter of 1984, the company earned \$379.3 million and had net income of \$29.6 million.

InterNorth reported Thursday that the company earned \$133.8 million and had operating revenue of \$2.9 billion in the first quarter. In the same period a year ago, the company had a net income of \$133.5 million and \$1.6 billion in revenue.

Currency Rates

Loth interbank rates on May 2, excluding fees.

Official fixings for Amsterdam, Brussels, Frankfurt, Milan, Paris, New York rates at 4 P.M.

	U.S.	DM	FF	£	Yen	DM	FF	£	Yen
Amsterdam	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Brussels	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Frankfurt	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
London	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Milan	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
New York	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Paris	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Tokyo	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
Zurich	2.56	2.51	12.54	1.07	124.18	2.56	2.51	12.54	1.07
1 ECU	0.702	0.829	2.207	0.823	1.425	2.207	0.823	1.425	2.207
1 SDR	0.929	0.929	2.207	0.823	1.425	2.207	0.823	1.425	2.207

Dollar Values

Currency	Per \$	Currency	Per \$	Currency	Per \$
U.S.	1.00	U.S.	1.00	U.S.	1.00
Canada	0.71	France	0.67	Germany	0.67
Japan	0.61	Italy	0.61	Spain	0.61
U.K.	0.61	Sweden	0.61	Switzerland	0.61
Belgium	0.61	Netherlands	0.61	Australia	0.61
Denmark	0.61	Portugal	0.61	New Zealand	0.61
Finland	0.61	Greece	0.61	South Africa	0.61
France	0.61	Ireland	0.61	India	0.61
Germany	0.61	Japan	0.61	South Korea	0.61
Italy	0.61	Spain	0.61	Taiwan	0.61
Japan	0.61	Sweden	0.61	Thailand	0.61
Netherlands	0.61	Switzerland	0.61	U.A.R.	0.61
Portugal	0.61	U.S.	1.00	U.S.	1.00
South Africa	0.61	U.S.	1.00	U.S.	1.00
Spain	0.61	U.S.	1.00	U.S.	1.00
Sweden	0.61	U.S.	1.00	U.S.	1.00
Switzerland	0.61	U.S.	1.00	U.S.	1.00
Taiwan	0.61	U.S.	1.00	U.S.	1.00
Thailand	0.61	U.S.	1.00	U.S.	1.00
U.A.R.	0.61	U.S.	1.00	U.S.	1.00
U.S.	1.00	U.S.	1.00	U.S.	1.00
U.S.	1.00	U.S.	1.00	U.S.	1.00

Source: Reuters

1 ECU = 1.336 363 S

1 SDR = 1.336 363 S

1 U.S. dollar = 1.00 SDR

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BUSINESS ROUNDUP

Hoechst Says Profit Surged 29% in Quarter

By Warren Gerler
International Herald Tribune

FRANKFURT — Hoechst AG's first quarter world pretax profit surged 29 percent, to 840 million DM (\$271.8 million) from 650 million DM a year earlier, Rolf Sammet, the managing board chairman, said Thursday.

He added: "We can expect 1985 to show profit comparable to last year's." As previously reported, Hoechst, the big chemical group, earned a record 1.35 billion DM in 1984, up 49 percent from the 909 million DM the year earlier. It has also announced that it is lifting its dividend, to 9 DM a share, from 7 DM.

Mr. Sammet said the quick pace of profit and sales growth at the year's outset will slow, especially during the second half.

Hoechst's share price dropped 3.30 DM, to 209.40 DM, Thursday on the Frankfurt Stock Exchange, despite the news of strong first quarter profits. Analysts say the market was wary of those companies whose earnings are heavily dependent on the exchange rate of the gyrating U.S. dollar.

Mr. Sammet said Hoechst's world revenue jumped 8.7 percent in the first quarter, to 11.04 billion DM from 10.16 billion a year earlier.

Sales abroad, benefiting from enhanced price-competitiveness as a result of a weakened DM, climbed 10.8 percent, to 8.28 billion DM, far stronger than the 2.8 percent rise, to 2.76 billion DM, for domestic sales.

Mr. Sammet said that more than two-thirds of the parent company's first quarter operating profit of 402 million DM derived from exports.

"This is a highly unusual development and contains, of course, certain risks—in the first instance, a sharp fall in the dollar's exchange rate," he said.

Mr. Sammet said Hoechst will chart a future course aimed at production of specialized, higher-value chemical and pharmaceutical products, with less emphasis placed on bulk chemicals. Areas of particular promise, he said, are technical ceramics— with application in engines, electronics and medical engineering — and production of human insulin through a genetic-engineering process.

Production of technical ceramics is already under way at Hoechst following the company's takeover last year of Rosenthal Technik, the former West German subsidiary of Rosenthal Glass. Volume production of human insulin is not expected until 1987.

Lloyd's of London Member To Shut Because of Losses

Reuters

LONDON — A member of Lloyd's of London, the world's biggest insurance market, said Thursday that it would cease trading by the end of this year, in what may prove to be one of the biggest failures in Lloyd's 300-year history.

Richard Beckett Underwriting Agencies said that losses incurred by the syndicates that it manages at Lloyd's had severely impaired its ability to continue in business.

Insurance industry sources said the losses, relating to 1982, could amount to £100 million (\$120 million) and that 1983 and 1984, whose results are not yet available, could bring more bad news.

Richard Beckett last month told the 400 members of the three syndicates that it manages that "substantial provisions for losses" would be necessary.

Richard Beckett said the 1982 losses had been run up by PCW on underwriting U.S. casualty insurance. It said it was "unable to form a view" about the 1983 and 1984 underwriting years.

Under Lloyd's rules each member of a syndicate, including those who have merely invested in it and take no active part in its business, has unlimited liability for its losses.

Richard Beckett is owned by Minet Holdings, one of the five largest insurance brokers in Britain, which said Thursday that the losses were the responsibility of the members, not of the Minet group.

Minet said it had set aside £8.3 million for the orderly closing of Richard Beckett, to protect as far as possible the interests of shareholders, employees and members. But Minet added that it would vigorously defend any legal action brought against it over the losses.

Richard Beckett was formerly PCW Underwriting Agencies, a Minet subsidiary, which three years ago was the focus of one of the biggest scandals ever to hit Lloyd's after the disclosure of deficiencies totaling nearly £40 million. Some of the missing money, alleged to have been misappropriated by PCW executives, has since been recovered, and Minet made good much of the balance.

Peter Dixon, PCW's former chairman, was fined £1 million and expelled from Lloyd's and is now an insurance broker in Miami. The case is still under investigation by the British Department of Trade.

Uniroyal Says Holders Backed Defensive Moves

The Associated Press

NEW YORK — Uniroyal Inc. said Thursday that a certified tally showed that stockholders narrowly approved two anti-takeover measures opposed by Carl C. Icahn, who is making a bid for the rubber company.

The fight now will move into the courts, where Mr. Icahn is challenging the vote-count procedure. He contends that some of the votes cast for shares owned by his companies were unfairly disallowed.

Uniroyal, which had repeatedly reopened and recessed its annual meeting the past two weeks awaiting a final vote count, said the measures were approved by just over 67 percent of the shares voted. The measures required a two-thirds majority, or 66.7 percent, to take effect. The vote was taken April 16 at the company's annual meeting.

Mr. Icahn had no comment, his secretary said. But Mr. Icahn previously said he would drop the effort to buy a controlling interest in Uniroyal if the anti-takeover measures took effect.

Uniroyal, which is based in Middlebury, Connecticut, said a trial is scheduled to begin Monday in a New Jersey court on Mr. Icahn's challenge to the final tally as reported by Corporation Trust

Co., a Delaware bank that specializes in certifying such votes.

Mr. Icahn announced April 10 that he was making an \$18-a-share offer for up to 53 percent of Uniroyal's 34 million shares.

Mr. Icahn already owns about 10 percent of Uniroyal. The anti-takeover measures, which were proposed by the company before Mr. Icahn began his bid, would make it difficult for anybody to gain control of Uniroyal without the approval of the board of directors.

One would stagger the terms of Uniroyal's 12 directors and require that changes in corporate bylaws governing mergers be made only with an 80-percent favorable vote by stockholders.

Another, called a "fair price" provision, would require that all shareholders receive the same price for their stock under the same conditions in any takeover.

Mr. Icahn said that if he succeeded in obtaining 53 percent of Uniroyal's stock, he would then merge the company with one of his companies and give the remaining stockholders securities worth \$18 for each share.

The purchase would be made through Robin Acquisition Corp., a Delaware corporation formed by Mr. Icahn.

COMPANY NOTES

Air New Zealand Ltd. has been given approval to buy six new Boeing 737 aircraft at a cost of more than 200 million New Zealand dollars (about \$91 million). The planes will replace others in the state-owned carrier's fleet that are up to 17 years old.

Bank of Boston Corp. said it is reducing its government securities trading business. A company spokesman said the bank decided that the government bond market had become very competitive and required more resources than the bank was willing to devote to insure profitability.

Beecham Group PLC said it is investing £40 million (\$48.9 million) at Irvine, Scotland, to expand production facilities for potassium clavulanate to meet increasing world demand for its new generation of antibiotics.

Broken Hill Pty. has sold a tin mine at Kelapa Kampit on Belitung Island, Indonesia, to Preussag AG for an undisclosed sum. BHP said. Broken Hill said it will continue mineral exploration and development in Indonesia through its Utah International Inc. unit.

Crown Zellerbach Corp. said its annual meeting will go ahead as scheduled May 9 after a Nevada court overturned a lower court ruling granting a request for a two-week delay by James Goldsmith, the British financier who announced and then called off a takeover bid.

Dow Chemical Co. will purchase the polymer chemical operations of the Upjohn Co. for an undisclosed

price, the companies said in separate announcements. The transaction has been approved by directors of both companies but requires federal regulatory approval.

Harris Corp. said it will merge its Lanier business products and information systems sector into a new \$800-million business unit to serve worldwide markets for data processing, office automation and communications.

Hughes Tool Co. is seeking minimum damages of \$722 million plus interest from Smith International in a 13-year-old patent-infringement lawsuit in which the toolmaker contends that Smith made drill bits using a seal patented by Hughes.

James Hardie Industries Ltd. said it has taken over Worldwide Paper Factors Inc., an Oregon-based paper company with annual sales of about \$30 million. No price was disclosed.

Wells Fargo & Co. said it plans to shut down its London branch and New York office as part of a plan to re-focus international operations on trade-related business between California and Pacific Basin countries.

Woodside Petroleum Ltd. directors have decided not to call an extraordinary general meeting of shareholders to discuss a report on a proposed joint takeover by Shell Australia Ltd. and Broken Hill Pty.

Wormold International Ltd. said it rejected a partial takeover bid by Adelaide Steamship Co. and is looking to sell some of its assets.

Tracking the Flow of 'Dirty' Money: U.S. Officials Shift Their Attention to Switzerland

(Continued from Page 13)

foreign, but mainly Swiss, banks. Under U.S. banking and tax laws, any interbank transaction exceeding \$10,000 must be reported to the tax service and the U.S. Treasury. The vast majority of these unreported transactions took place with Switzerland's three biggest banks — Union Bank, Swiss Bank Corp. and Credit Suisse.

In a hearing last month by the House Banking subcommittee on financial institutions, investigators showed a chart (shown with this article) that graphically illustrated the huge financial flows between Bank of Boston and the Swiss banks. At the same time, the subcommittee investigators displayed another chart that said revealed the financial transactions between Bank of Boston and the city's Angulo family, reputed to be the Boston area's ruling organized-crime figures.

Bank of Boston officials have acknowledged that, from 1979 to 1983, the bank sold cashier's checks totaling \$7,372,343 to members of the Angulo family. Of that sum, checks totaling \$2,163,457 were for cash.

The investigators did not seek to establish a link between Bank of Boston's Swiss transactions and its dealings with the Angulos. Nonetheless, the side-by-side display of the two charts in the hearing room carried unmistakable implications. Swiss bankers were caught by

surprise at the angry tone of the hearings, which zeroed in on the fact that most of the cash transfers between Bank of Boston and the Swiss banks involved small bills (of \$100 or less) — the lifeblood of the drug trade. The subcommittee's chairman, Representative Ferdinand E. St. Germain, a Rhode Island Democrat, subjected Bank of Boston witnesses to a withering barrage of questions and accusations.

One subcommittee member, Illinois Democrat Frank Amodeo, suggested that bankers who failed to report the required transactions should be put in prison alongside drug traffickers "and taught to stamp license plates," a traditional occupation of U.S. convicts.

So far, no Swiss bankers have been called as witnesses. Even so, it seems unlikely that the Swiss will escape attention in the future because both Congress and the Reagan administration are placing great emphasis on breaking up the big money-laundering rings as a major means of slowing drug trafficking.

"What is a big drug trafficker without a bank?" asked John M. Walker Jr., the Treasury's assistant secretary for enforcement and operations. "He can't walk around with suitcases stuffed with \$20 bills."

The new emphasis on cracking the laundering rings has produced some dramatic results, officials say.

During the past four years, U.S. officials say, special federal task forces have put out of business 53 major operations that had an annual volume of about \$1.2 billion. Officials say that arrests are imminent in another dozen cases involving a total yearly laundering turnover of \$1.6 billion.

According to federal officials, the broken organizations included one that shipped funds gained from drug trafficking, racketeering and extortion through a Philadelphia bank to a private bank in Geneva. From Switzerland, the officials said, the money was returned to the United States by wire transfer to Brown Brothers Harriman & Co. in New York, where it was picked up in cash and placed in a safe-deposit box in Chase Manhattan Bank.

Officials also point to the case of the now broken "pizza connection," so named because pizza parlors throughout the United States were used as heroin drops by organized crime. According to investigators, the ring's organizers used several well-known U.S. financial institutions to transfer millions of dollars in small bills, often packed in cardboard boxes, to accounts with the Merrill Lynch & Co. branch in Zurich.

Another ring, of Colombian drug financiers, also managed to convert at least \$150 million in small bills into new currency at five major banks in New York, including the main U.S. branch of Credit Suisse, investigators say.

At present, it is not a crime at all, and federal agents must use other milder laws, such as the failure to report currency transfers, as the means of arresting launderers. Under the D'Amato bill, those involved in money laundering, including bankers and other financiers, would be liable to fines of up to \$100,000 per offense and a prison term of up to 20 years.

"Some international financiers may soon turn into international fugitives," said James D. Harmon Jr., executive director of the President's Commission on Organized Crime. Mr. Harmon, who feels that the Swiss must pay more attention to laundering operations, noted: "In war time, Swiss neutrality may be viewed as morally admirable, but in the war against the drug trade, neutrality amounts to complicity."

Said a U.S. Treasury official, who refused to be identified: "We are going to give money-laundering the bad name it deserves. And if the Swiss do not cooperate, they will find their American branches operating under subpoena and subjected to very intensive reporting procedures."

Money-changing and cash transfers developed into a Swiss specialty during the 1930s, when most other European countries had strict currency-export controls. Although Swiss banks have remained the cash-clearing houses for Europe, the Middle East and parts of Asia, the business represents only a small part of total banking activity.

For the country's three biggest banks, for example, cash-clearing accounts for only 2 percent to 4 percent of annual net profit and perhaps 3 percent to 4 percent of total volume.

A major Swiss concern is that U.S. officials will insist on a form of currency surveillance that would cripple the international payments system by imposing huge clerical burdens. U.S. Treasury Secretary James A. Baker 3d, for example, has asked Swiss banks to help track the millions of small bills that they forward to the United States, often for conversion into new \$100 bills.

But Swiss bankers contend that by the time the bills reach them from correspondent banks throughout the world, the money already has been effectively laundered and that noting the serial number of each bill would not necessarily establish a trail back to drug trafficking or other illegal activity. "Trying to catch drug criminals via the payments route is difficult," said Hans Mast, the highly respected chief economist for Credit Suisse.

"If every dollar bill has to be examined and an attempt made to trace its origins, the world payments system would be severely slowed down and the banks would have to pass on large expenses to the consumers," he said. "We have to ask ourselves: Will the reward be worth the cost?"

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International bv 5 1/2 6 1/2
City-Clack
International nv 2 1/4 3 1/4
Quotes as of: May 2, 1985

Engineering Orders Up in W. Germany

Reuters

FRANKFURT — New orders for the West German engineering industry rose a real 13 percent in March from a year earlier, the industry trade association VDMA said Thursday.

Domestic orders rose a real 1 percent in March, while foreign orders rose a real 24 percent. VDMA added the low domestic increase reflected the comparison with unusually strong orders in March 1984.

In the first quarter incoming orders rose a real 18 percent compared with the same 1984 period, with domestic orders up 10 percent and foreign orders rising 24 percent, it said.

ESCOM — AN INTERNATIONAL GIANT IN POWER

Mr. I. C. McRae, Senior General Manager of Escom, talks to David Carte, Editor of the "Sunday Times Business Times".

Mr. I. C. McRae
Senior General Manager
ESCOM

The Electricity Supply Commission of South Africa, known colloquially as Escom, is one of the world's top ten power utilities.

Chief Executive, Ian McRae, cites some impressive figures: Escom is a \$12-billion organisation equipped to generate 24,514 megawatts of electricity. "Last year we burned 59 million tons of coal, consumed 270 billion litres of water and met a peak demand of 17,296 megawatts. We employ 65,000 people and supply 94% of the power of South Africa."

Escom generates no less than 60% of all power generated in Africa and has revenues running to \$1.9-billion a year.

Escom power is distributed via an interconnected high voltage transmission system that spans thousands of miles across the entire country.

Escom, says Mr. McRae, is not only one of the 10 biggest power utilities in the world but also one of the fastest expanding. It plans to increase capacity at 6% a year, which implies billions of dollars of capital spending for years to come. Last year it spent \$1.75-billion on expansion.

"We have five 4,000 MW coal-fired power stations under construction. In addition, we are putting the finishing touches to Koeberg, our first nuclear station and our second big pump-storage scheme."

About 80% of the cost of today's power stations is spent inside South Africa. The imported portion is usually high technology equipment, such as turbines, boilers, pumps and control equipment. Escom invites tenders for these from all over the world.

Another reason foreigners are interested in this South African giant, is that Escom is largely loan funded and a substantial portion of its funding comes from foreign capital markets.

As a statutory corporation, Escom is not a profit making organisation. Electricity tariffs are adjusted periodically to cover current operating costs.

Escom raised \$1.2-billion in local and foreign loans last year and issued \$500-million in bonds to the secondary capital market. Its interest costs, at \$600-million, constitute a major portion of its total costs. Internal generation of funds during 1984 amounted to \$650 million.

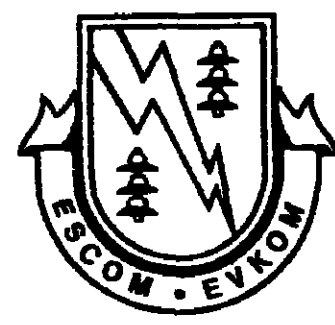
Today Escom's foreign liabilities total \$2.75-billion which is well within its funding capacity. The corporation has an impeccable borrowing record and its securities rate highly in European capital markets.

Escom bonds have recently been identified as particularly attractive by foreign investors. At more than 16%, South African interest rates on prime bonds are currently amongst the highest in the world. Consequently, attractive investment opportunities exist in the South African money and capital markets.

Foreign investors looking for a hedge against a weaker dollar have reasoned that a weaker dollar would make for a stronger gold price and rand. This would ease the liquidity shortage in South Africa and could bring interest rates down, resulting in handy capital gains on these highly tradable securities.

The biggest electricity consumers in South Africa are mining, heavy industry and bulk consumers, such as municipalities, which are responsible for domestic reticulation.

All three areas of demand are growing fast. A large part of South Africa's population has traditionally lived under third world conditions — without electricity. A national programme to electrify all urban townships implies enormous growth.



BCCI HOLDINGS (LUXEMBOURG) SA

39 Boulevard Royal, Luxembourg

Financial Highlights
1984

Capital Fund	US \$ 1,008 million
Deposits	US \$ 10,512 million
Loans and Advances	US \$ 5,153 million
Total Assets	US \$ 14,348 million
Profit before Tax	US \$ 277 million
Capital/Assets Ratio	exceeds 7%
Branches and Offices in	70 Countries

Principal Subsidiaries

Bank of Credit & Commerce International S.A., Luxembourg.

Bank of Credit & Commerce International (Overseas) Ltd., Grand Cayman.

Subsidiaries, Affiliates and their branches/offices in the following countries

Australia	France	Jordan	Netherlands Antilles	Sudan
Bahamas	Gabon	Kenya	Niger	Swaziland
Bahrain	Germany (West)	Korea (South)	Nigeria	Switzerland
Bangladesh	Ghana	Kuwait	Oman	Thailand
Barbados	Gibraltar	Lebanon	Pakistan	Togo
Botswana	Grand Cayman	Liberia	Panama	Turkey
Brazil	Hong Kong	Luxembourg	Paraguay	UAE
Cameroon	India	Macau	Philippines	United Kingdom
Canada	Indonesia	Malaysia	Portugal	Uruguay
China	Isle of Man	Maldives	Senegal	USA
Colombia	Italy	Mauritius	Seychelles	Venezuela
Cyprus	Ivory Coast	Monaco	Sierra Leone	Yemen (North)
Djibouti	Jamaica	Morocco	Spain	Zambia
Egypt	Japan	Netherlands	Sri Lanka	Zimbabwe

May 2

NASDAQ National Market Prices[illegible]

8¼% Guaranteed Bonds due 1979/87

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Germany's Foreign Trade With Germany

Special Relationship Confronts Economic Necessities and Political Realities

By Henry Tanner
International Herald Tribune

BERLIN — "We are maintaining the fiction that we are a single economic region," a West German diplomat here said in answer to a question about trade and financial relations between the two Germanys.

"There is a cat and a mouse," said an economist in West Berlin. "East Germany is the cat and West Berlin the mouse. If it were not for that, there would be no reason for us to support the East German economy as we do."

The people in East Germany are Germans, too, and West Germany has a moral and political obligation to do everything it can to make their lives as bearable as possible—that is how politicians in Bonn define the Federal Republic's policy on inter-German trade.

This trade relationship and the special financial relationship that underpins it involves an economic necessity for East Germany and a political necessity for West Germany.

After the Soviet Union, the Federal Republic is East Germany's second-largest trading partner. It accounts for about 12 percent of East Germany's overall foreign trade, or about half the total East German trade with Western countries as a whole, according to the German Institute for Economic Research in West Berlin.

The Soviet Union accounts for almost 40 percent of the German Democratic Republic's overall trade; 30 percent is with other socialist countries and the remaining

5 or 6 percent is with Third World nations.

For West Germany, trade with East Germany accounts for less than 2 percent of the total.

Total inter-German trade, which is not subject to customs duties or other levies, was about 15 billion Deutsche marks (\$4.85 billion) in 1984.

Saying that this is not traditional foreign trade, officials on both sides avoid the terms "exports" and "imports," and speak instead of deliveries and purchases.

East Germany sells to West Germany all kinds of textile products, including suits, dresses, underwear, tablecloths and bed sheets. It also sells shoes and other leather goods, furniture, home furnishings, toys, glassware, optical instruments, electrical equipment and television sets.

West German department stores are among the leading customers, and are doing a profitable business. Markups on men's suits, for instance, are reported to be as high as 100 percent.

"You can hardly see the difference," they are using Western designs," a businessman in West Berlin said of men's and women's ready-to-wear clothing made in East Germany.

Inexpensive East German textile products have replaced similar items imported from South Korea, Taiwan and other Third World countries whose products have become more expensive because they are priced in dollars, the businessman added.

West German exports to East Germany are of tremendous advantage to the Russians, other-

chinery and electro-technical products, steel and iron products and agricultural goods, according to the Ministry of the Economy in Bonn.

The Federal Republic is East Germany's most important supplier of technology in the form of industrial equipment that the East Germans can use to modernize their own factories, increase production and save raw materials and energy.

When Economics Minister Martin Bangemann visited East Berlin in early March, he was told by Günter Mittag, the Politburo member responsible for economic questions, that East Germany wanted to increase those kinds of purchases. Pollution-control devices for industry also are on the East German shopping list.

"We are selling them modern industrial equipment that they do not produce themselves but that they need to make their industries more productive and their products more competitive," another West German economist said.

"For the GDR one of the important things is that through West German companies they have immediate access to spare parts for every piece of industrial machinery, whether it is originally from Japan, Italy or India," the economist added. "They know they can get a replacement within 24 hours from us. These are things that could shut down an assembly line or entire factory for weeks or months if they had to go back to the original supplier."

"The East German link with West Germany is of tremendous advantage to the Russians, other-

wise they would not permit it," the economist said. "We have a national and cultural affinity, the same language, and the Russians know that a man from Dresden or Leipzig can get more in Frankfurt and Düsseldorf than anyone from Moscow."

The arrangement is a political oddity as well as an economic one, because East Germany and the Soviet Union have accepted a special relationship in the economic field that both continue to reject on the political level.

The foremost goal of East German foreign policy is to secure permanent unqualified acceptance as a fulfilled state from Western nations. And the Soviet Union is deeply suspicious of anything that might smack of special ties between East and West. But in the view of Western economists, it has accepted the trade arrangements because it is one of their prime beneficiaries.

"For us, there is no incentive in trade with East Germany," said one West German official. "For us it's political."

The trade is conducted under an arrangement that may well be unique for sovereign states.

In 1951, when they still were hardly on speaking terms, the two governments decided that there should be no official exchange rate between their two currencies. They agreed that payments for goods sold and bought would be made in "units of account" through the two state banks, with an open-ended balance. A "unit of account" is the equivalent of the West German



Martin Bangemann

Deutsche mark. No currency changes hands and an accounting is made on paper once a year.

If a West German department store buys a half-million DM worth of furniture from an East German concern, it pays the amount into a special fund set up by West German Federal Bank. If East Germany makes a purchase in West Germany, the Western vendor is paid from the same fund.

The system has enabled the two governments to ignore the fluctuations between the DM, one of the world's strongest currencies, and the East German mark which has depreciated over the years in comparison to Western currencies.

The accumulated debt to West Germany that the East Germans acquired since the start of the system was about 3 billion DM at the end of 1984, down from more than 1 billion DM from the preceding year.

Brisk Sales in '84 Boost VW To First Profit in 2 Years

(Continued from Page 13)

able uncertainties in the domestic and European markets.

The analyst, who declined to be identified by name, said that the West German market had been hampered by the debate over vehicle emission controls and by marginal increases in the disposable income of potential car buyers.

"On the European front," the analyst said, "the Japanese offensive—already long underway—could intensify as U.S. import restrictions are encouraging the Japanese to penetrate the European market for competitively priced compact models."

Mr. Hahn said that while VW's first-quarter sales dropped in West Germany, they were up in Europe. West Germany's Federal Motor Vehicle Inspection last week that Japan had increased its share of the German market to 12.2 percent in the first quarter from 11 percent a year earlier.

Mobil Group Plans Field Development

NEW YORK — Mobil Corp. and three partners announced plans Thursday to develop an oil field in the Gulf of Mexico at a cost of more than \$250 million.

Mobil Oil Exploration & Producing Southeast Inc., a Mobil subsidiary, is the operator of the field and has a 55-percent interest. The other partners are Messersmith Oil Co., 25 percent; Diamond Shamrock Corp., 15 percent; and Kerr-McGee Corp., 5 percent.

Production is scheduled to begin in two years at a rate of 3,000 barrels a day from three wells already drilled at the site. The platform's total capacity is rated at 20,000 barrels a day.

Exports led VW group's turnaround, with foreign sales accounting for 68 percent of total revenue last year, up from 64 percent in 1983. U.S. deliveries jumped to 11.6 percent of worldwide sales from 10.2 percent in 1983.

First-quarter U.S. sales were down four percent from a year earlier, Mr. Hahn said, due chiefly to the need to build up inventories that were overstocked last year.

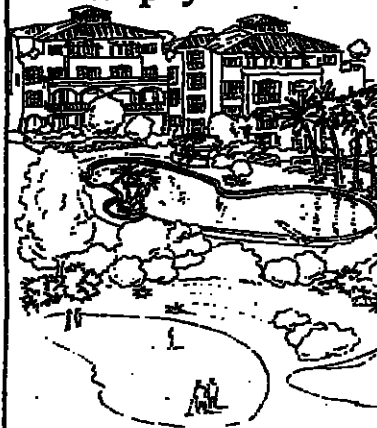
Mr. Hahn said that VW was keeping a close eye on the Spanish market and was engaged in talks to acquire a significant stake in Sociedad Española de Automóviles de Turismo SA, the unprofitable state-owned Spanish automaker which produces VW automobiles under license. He declined to say whether VW was seeking a majority stake or whether VW would be willing to assume SEAT's debt.

A major move into the Spanish market would follow VW's signing last October of a joint car-production venture in Shanghai, aimed at penetrating new markets and producing at lower costs.

VW said that number of cars sold worldwide rose 4 percent in the first quarter from a year earlier. Over the same period, VW and its Audi subsidiary increased its commanding share of the domestic market to 28.1 percent from 27.5 a year earlier. VW's share of the European market is about 12 percent, Mr. Hahn said.

Mr. Hahn said that the emission-control debate in West Germany helped push domestic car sales down 15.7 percent in the first quarter. But VW, which has more than a decade of experience in equipping its exports with catalytic devices and last year moved quickly to outfit cars for sale at home, has not been hit as severely as the West German car industry as a whole, which saw sales drop 17 percent last quarter.

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BUSINESS PEOPLE

Caledonian Aviation Changes Management

By Brenda Hagerty
International Herald Tribune

LONDON — Caledonian Aviation Group, whose main subsidiary is British Caledonian Airways, is reorganizing its top management in a move it describes as setting a course for growth.

The restructuring centers on appointing two executive vice chairmen and creating the post of director of strategy.

Alastair Pugh, formerly managing director of British Caledonian, was appointed an executive vice chairman and director of strategy. He will be responsible for planning the strategy for the long-term business development of all group companies. Trevor Boud, who continues as group finance director, was also named an executive vice chairman. Mr. Boud's duties will include overseeing plans for a public share offering "within the foreseeable future."

David Colman moves up from deputy managing director to succeed Mr. Pugh as head of British Caledonian.

The group, which last year had revenue of £526 million (\$652 million), comprises British Caledonian, British Caledonian Travel Holdings, Caledonian Airfreight, Caledonian Hotel Holdings and British Caledonian Helicopters.

Sir Adam Thomson, chairman of the Caledonian Aviation Group, said British Caledonian had reached a new stage in its development. The airline has become a major scheduled service carrier.

with a worldwide route network and could look forward to a structured and innovative development.

Credito Italiano Picks

Marengo for a Top Post

LONDON — Credito Italiano SpA of Milan has appointed Pier Carlo Marengo a managing director, with responsibility for its international business. He succeeds Mario Rivosci, who is retiring.

In his new post, Mr. Marengo will work with Credito Italiano's other managing director, Lucio Rondelli. Mr. Marengo will continue as chairman of Credito Italiano International Ltd., the bank's merchant-banking subsidiary in London.

British Petroleum Co. has named Peter Reeves as its chief executive in the Netherlands. Based in Amsterdam, he succeeds R.P. Stretell, who retires on June 30. Named to succeed Mr. Reeves as manager of BP Marine International in London was John Rounce, who was president of BP North America Petroleum Inc., which has its offices in Houston. In addition, BP said that Michael Rendle will retire as a managing director at the end of the year after more than 31 years with the company. He was appointed a managing director in July 1981 and is chairman of BP Nutrition and BP Coal. His other responsibilities include Europe, personnel, organizational affairs and BP Detegments.

Citibank appointed Aziz Rajkowska as country corporate officer for Kenya, based in Nairobi. He succeeds Kadia Tshibaka, who was transferred to Citibank's Brazilian operations. Succeeding Mr. Rajkowska as country corporate officer in Zaire is David Smith, currently Citibank's corporate banking group head, based in Kinshasa. The appointments were effective May 1. In addition, Citibank has opened a branch in Glasgow, headed by Keith Risk, a member of the well-known Scottish banking family. He joined Citibank in 1980 and prior to his new appointment, specialized in providing international trade and treasury services to Scottish companies.

Shell Française SA in Paris has appointed Peter Hadfield vice president, responsible for finance and administration. He succeeds Cornelius Herkstroter, who, as previously reported, is moving to Hamburg to become president of Deutsche Shell AG. Mr. Hadfield previously was with Shell International Petroleum Co. Ltd. in London as area coordinator, Middle East regional organization.

American Motors Corp. said Pierre Semerari, chief executive of the automobile division of Renault, the French vehicle maker that owns 46 percent of its shares, was appointed a director of AMC. He succeeds Bernard Hanon, who was chairman of Renault until he was abruptly replaced earlier this year.

Industrial Bank of Kuwait said Youssef Al Sae, previously manager, banking and finance department, was appointed general manager of the bank.

AB Astra, the Swedish pharmaceuticals group, said Sten Gustafsson and Hans Ståhle were re-elected chairman and vice chairman respectively.

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SPORTS

Chief's Crown, Once Vulnerable, Pulls Away from the Pack to Become Derby Favorite

By Steven Crist

New York Times Service

LOUISVILLE, Kentucky — Last week, Chief's Crown looked like one of at least half a dozen colts with equal chances of winning the 111th Kentucky Derby Saturday, and most of the racing world considered him a vulnerable favorite.

Now he is the strongest Derby favorite in six years and a legitimate aspirant for a sweep of the Triple Crown.

It took the small, bay-colored colt one minute 47 3/5 seconds to change the Derby picture in his running time in the Blue Grass Stakes on April 25. He had been expected to win the race easily, but not to run in stizzling time or to get stronger with every furlong, running his last splits faster than his early ones.

Suddenly, instead of being a professional little colt who had racked up victories without running much faster or more impressively than his Derby rivals, he was something really special. It was as

if he had finally justified his record and reputation, and exceeded it.

A headline in The Louisville Times the day after read: "Now, disbelievers, kindly get off The Chief's back."

While the revisionist view of Chief's Crown is probably closer to the truth than the cloud of doubt under which he had raced until the Blue Grass, the Derby is still no walkover. What had looked like the worst crop of 3-year-olds in a decade is beginning to blossom, and Chief's Crown still has a few things to prove. He is bettable at odds of 9 to 5, but not unbeatable.

About the only people who were neither surprised nor impressed by Chief's Crown's Blue Grass were those closest to him, the trainer Roger Laurin and the jockey Donald MacBeth.

"With his breeding and the way he acted in the mornings, I knew he was a good colt," Laurin said. "But I had no way of knowing he could be a champion until he'd done the races a few times. The first time he ran as a 2-year-old,

and he was a fast horse in the race who won by nine and another horse threw his rider, got loose and bothered this colt. The time after that, he took awhile to get settled on the track and then he closed big to get second."

Since that defeat, Chief's Crown has won 9 of 10 starts. He went to the front to win a maiden race at Belmont by five lengths July 5, then won the two premier 2-year-old stakes at the Saratoga meeting, the Saratoga Special and the Hopeful. In both of those starts he came from slightly off the pace, turned in a strong late run and won going along.

He then went into the fall season, in which championships are won and lost, as the premier 2-year-old in the East. His next start proved to be his only defeat in the past 10 months, but it was also the race that convinced Laurin just how good the colt might be. It was the Futurity at Belmont, and the track was sloppy. Chief's Crown broke sharply but then began dropping back steadily. MacBeth could tell that the colt hated the track

and swung him to the far outside to avoid the slop being kicked back in the face.

"Then he began running, picking off those horses one by one like he didn't want to lose," MacBeth said. "It really showed a character."

The colt fell a length short of catching Spectacular Love, but he had been more impressive than ever before, and he has not lost since. He came back to down a weak Cowdin field by six lengths.

Chief's Crown struggled a bit to win the Norfolk at Santa Anita, but was dead sharp for the Breeder's Cup race, bulling his way through a large field to score over Tank's Prospect and Spend A Buck, two Derby rivals.

There was also the virus in January. A filly in Laurin's barn who caught the

same bug died, but Chief's Crown recovered after missing three weeks of training.

Laurin now thinks it may have been a blessing. Chief's Crown got a late start, delaying his debut until the Swale Stakes March 2, but he is coming into the Derby fresher than many of his rivals. Laurin thinks the colt is peaking at just the right time.

His races this year support that theory. In the Swale, he did not have to work hard to beat a moderate field going seven furlongs. He ran back four weeks later in the Flamingo. He was disqualified and placed second for possible interference in a call so controversial that the decision was reversed 10 days later.

That is indeed unlikely with one-dimensional front-runners such as Eternal Prince and Spend A Buck in the race.

Chief's Crown figures to be slightly off their pace and then to make his move on the far turn, slightly before the cavalry of stretch runners, led by Proud Truth, Rhoman Rule and Tank's Prospect, begins to charge. If the colt finds himself in close quarters, he will be able to pull away.

That's just coincidence, Laurin said. "We never wanted the lead. When they stop running slow fractions, we'll stop being on the lead. I can't see him being in front all the way Saturday."

That is indeed unlikely with one-dimensional front-runners such as Eternal Prince and Spend A Buck in the race. Chief's Crown figures to be slightly off their pace and then to make his move on the far turn, slightly before the cavalry of stretch runners, led by Proud Truth, Rhoman Rule and Tank's Prospect, begins to charge. If the colt finds himself in close quarters, he will be able to pull away.

"Sure," Laurin says. "He does what ever he has to do to win."

John Veitch, who trains Proud Truth, the likely second choice, said, "Horses run full tilt 99 percent of the time. People talk about how horses could win by more if they were pressed, or how they do just barely enough to win. I don't buy the idea of horses figuring out the minimum they have to do to win and then doing only that."

Veitch gets an argument on that score from Eddie Sweat, Chief's Crown's groom. Sweat knows a little about what it takes to win a Derby, having been the groom for Riva Ridge and Secretariat, who won the Derby in 1972 and 1973 while working for the trainer Lucien Laurin, Roger's father.

"This colt is no Secretariat," Sweat says, "but he's a lot like Riva Ridge. He acts just like him, eats like him, same personality. He's a smart, quiet horse, all business when he goes to the races. He's got what it takes to win races and he can win the Derby."

Nordiques, in Overtime, Win Battle of Quebec

United Press International

MONTREAL — The Battle of Quebec may have turned on one point — the Montreal Canadiens can't beat the Quebec Nordiques in overtime.

When Peter Stastny scored at 2:22 of overtime Thursday night, Quebec defeated Montreal, 3-2, to advance to the Stanley Cup semifinals. In taking the Adams Division

STANLEY CUP PLAYOFFS

championship series, 4-3, the Nordiques won three times in overtime. Quebec next meets the Philadelphia Flyers in the best-of-seven Wales Conference finals. The Nordiques will have the home-ice advantage with Game 1 Sunday night in the Coliseum.

The Nordiques have already won provincial bragging rights for a year.

"It won't be the same feeling," Quebec goalie Mario Gosselin said of the coming series against Philadelphia. "About 90 percent of the people living in Quebec won't feel as intense about it."

"Both sides had chances," Montreal Coach Jacques Lemire said. "We just didn't take advantage of ours."

In five overtime playoff games over three years, Montreal has yet to defeat Quebec.

"Sometimes it seems as though there's no justice," Stastny said. "Seven games and one mistake, and one team must lose. It's too bad they both can't win, but I'm glad we came up winners."

Quebec rookie Bruce Bell opened the scoring at 3:27 of the first period and Jean-Francois Sauve gave Quebec a 2-0 lead at 1:24 of the second period on a 50-foot slapshot.

'The Worst Way to Lose': A's Defeat Brewers, 5-4

The Associated Press

OAKLAND, California — It was a tough loss, and therefore an easy one for Milwaukee Brewers Manager George Bamberger to second-guess.

"There couldn't be a worse way to lose," he said after the Oakland A's put together four two-out hits

BASEBALL ROUNDUP

in the bottom of the ninth inning off Rollie Fingers and Ray Seaver for a dramatic 5-4 victory Thursday that snapped a seven-game losing streak.

Bamberger conceded that he might have made a mistake when he lifted Fingers, the major league's all-time save leader, after he had given up a two-out single to Bruce Bochte.

Left-hander Ray Seaver came in to face left-handed batter Mike Davis, but the strategy backfired when Davis singled. Donnie Hill followed with the game-tying single and Alfredo Griffin knocked in the winning run.

"In the middle of the year, I might not have taken Rollie out,"

Bamberger said. "Right now, I wish I'd have left him in."

Red Sox 2, Mariners 1

In Seattle, Al Nipper and two relievers combined on a five-hitter and Rich Gosselin cracked a home run to lead Boston over Seattle.

Nipper held the Mariners scoreless until they punched across a run on Phil Bradley's sacrifice fly in the eighth. Bob Ojeda and Bob Stanley finished up with Stanley recording his fourth save. Gosselin, the Boston catcher, lined a homer off Seattle starter Mike Moore in the second. The Red Sox scored the winning run in the fourth on an RBI single by Jackie Gutierrez.

Angels 3, Blue Jays 2

In Anaheim, California, Juan Beniquez's pinch single with two outs in the bottom of the ninth boosted California over Toronto.

With the Blue Jays leading 2-1, Ruppert Jones led off with a single and took second on a sacrifice by Doug DeCinces. Reggie Jackson walked, and Rob Wilfong singled to score Jones with the tying run. Beniquez then singled home Jackson for the game winner.

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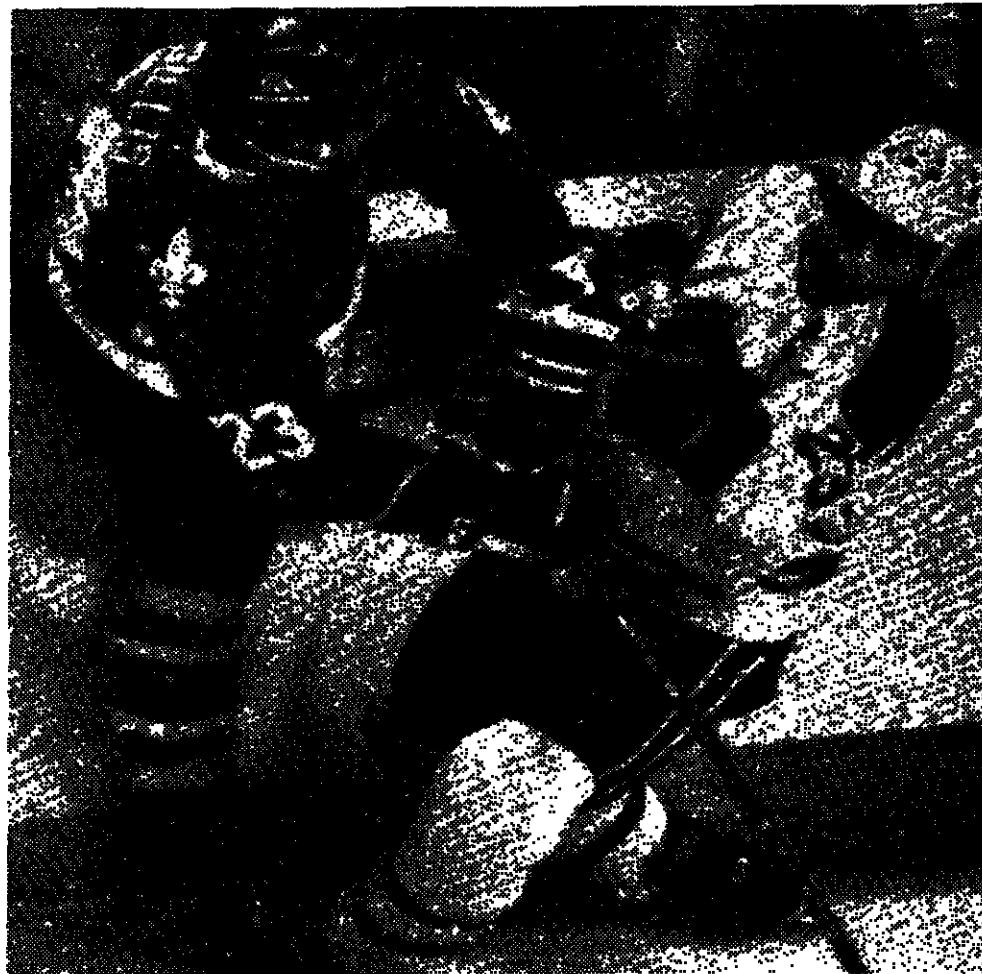
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The Canadiens' Bob Gainey, right, and Nordiques' Paul Gillingham up against the boards.

Czechoslovakia Wins Gold in Hockey

Compiled by Our Staff From Dispatches

PRAGUE — Leftwinger Jiri Sedva turned from a relatively unknown player into a national hero Friday as he banged in a hat trick to give Czechoslovakia a 5-3 victory over Canada, its first world ice hockey title since 1977.

In the game for the bronze medal, the Soviet Union defeated the United States, 10-3, in a match ending that included one of the worst brawls ever at the international level, all 44 players from both sides ending up in the ice.

Sedva's most stunning goal and the one that turned the game to Czechoslovakia's favor came at 13:00 of the second period with the game tied 2-2 and the Canadians holding a one-man advantage. Sedva stole the puck from defenseman Larry Murphy, was chased down the rink by Scott Stevens, pivoted around him to break free,

then skated in on goaltender Pat Riggin and deked him as well.

The Czechoslovakians, supported by a wild, flag-waving crowd of 14,000, won all three medal-round games in the eight-team tournament. The key game was an emotional 2-1 victory over the defending champion Soviet Union in the medal-round opener. Then, they trounced the United States, 11-2.

Canada has not won a world championship since 1961. In the U.S.-Soviet game, play was interrupted for several minutes in the third period as players lashed out at anyone on the opposing team. Teammates ran on from the benches in support.

The Soviet Union had earlier demonstrated its clear superiority, leading 9-0 before the United States managed to score.

"If anyone would have told me before the tournament that we

would play the Russians for the bronze medal, I would have considered him crazy," said Art Berglund, general manager of the U.S. team. "Even fourth, we accomplished more here than we expected. We beat both gold medal contenders in the preliminaries. This was our best showing in a world championship for two decades."

On Thursday, Finland downed Sweden, 6-1, and West Germany defeated East Germany, 4-1, in the final games of the relegation playoffs.

Sweden played a listless game to finish behind Finland for the first time in the history of the world championship. The Finns secured top spot in the relegation round, or fifth overall, while Sweden finished sixth, its worst showing since 1937.

West Germany finished seventh, and East Germany last. (UPI/AP)

SCOREBOARD

Baseball

Major League Leaders

NATIONAL LEAGUE	G	AB	R	H	Pct.
Murphy, Atl.	26	74	20	37	.375
Miller, Atl.	19	48	11	22	.353
Herr, St.	20	74	18	28	.378
Vogler, Phil.	28	75	11	27	.360
Ortiz, Phil.	14	45	5	16	.356
Wallach, Mon.	21	78	9	27	.346
Crut, Hts.	21	66	11	25	.337
Downen, Mon.	19	55	12	25	.332
Carcon, Phil.	19	47	6	15	.319
Reiser, N.Y.	19	72	8	23	.319
Harp, Mon.	19	72	8	23	.319

Reiser, Mon., Atlanta, 21; Kosloski, Atl.

Basketball

NBA Playoffs

THURSDAY'S RESULTS	W	L
Boston	34	24
Detroit	34	24
Laimbeer 16-18 2-2 27, Thomas 14-10 20		
Dumars 11-19 5-4 27, Bird 8-20 17 25, B.		
Rebounds: Boston 58 (Bird 13); Detroit 54 (Laimbeer 13); Boston 24 (Bird 13); Detroit 26 (Thomas 14)		

CONFERENCE SEMIFINALS

(Philadelphia leads series 2-1)

May 3: Milwaukee at Philadelphia

May 4: Philadelphia at Milwaukee

May 10: Milwaukee at Philadelphia

May 12: Philadelphia at Milwaukee

(L.A. Lakers leads series 2-0)

May 3: L.A. Lakers at Portland

May 4: Portland at L.A. Lakers

May 10: Portland at L.A. Lakers

May 12: L.A. Lakers at Portland

(Denver leads series 2-0)

May 3: Denver at Utah

May 4: Utah at Denver

May 10: Denver at Utah

May 12: Utah at Denver

Baseball

Major League Leaders

NATIONAL LEAGUE	G	AB	R	H	Pct.
Murphy, Atl.	26	74	20	37	.375
Miller, Atl.	19	48	11	22	.353
Herr, St.	20	74	18	28	.378
Vogler, Phil.	28	75	11	27	.360
Ortiz, Phil.	14	45	5	16	.356
Wallach, Mon.	21	78	9	27	.346
Crut, Hts.	21	66	11	25	.337
Downen, Mon.	19	55	12	25	.332
Carcon, Phil.	19	47	6	15	.319
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May 3: Denver at Utah

May 4: Utah at Denver

May 10: Denver at Utah

May 12: Utah at Denver

Pistons Stifle Bird for Victory

United Press International

DETROIT — Larry Bird was held to 2 points in the fourth quarter while Terry Tyler scored 16 of his 18 points, carrying the Detroit Pistons to a 125-117 victory over the Boston Celtics in their Eastern Conference series.

The Pistons trail 2-1 in the best-of-seven National Basketball Association series. Game 4 is in Detroit Sunday, in Denver, in the other quarterfinal playoff game Thursday.

NBA PLAYOFFS

day, the Nuggets defeated the Utah Jazz, 131-123, for a 2-0 series lead. On Friday night, the Milwaukee Bucks and the 76ers were in Philadelphia and the Los Angeles Lakers and the Trail Blazers were at Portland. The 76ers and the Lakers both lead, 2-0, in their series.

Bird, who stung Detroit for 42 points in Game 2, did not make a field goal in the final period. His only points in the period came on a pair of free throws with 1:21 left — the Celtics' last points.

Tyler, a 6-foot-7 reserve forward, made the Pistons' last eight baskets after scoring just two points in the first half and none in the third.

Center Bill Laimbeer led Detroit with 27 points while guard Isiah Thomas scored 26 and guard John Long 20. Dennis Johnson led Boston with 27, including 15 in the third quarter. Bird had 25 and Kevin McHale 24.

Denver doubled up on the ball when possible with fresh players to try to contain Bird. Tyler and Kelly Tripucka did a good job of fronting the Celtics' forward, keeping the ball from his hands.

Detroit, which broke from a 62-62 halftime tie and never trailed in the second half, led 98-96 entering the final quarter.

"I cherish every game we stay in contention," said Tyler. "If we had lost this one, our backs would have been against the wall Sunday. We didn't want to get swept."

Boston Coach K.C. Jones had little trouble putting the game into its proper perspective.

"We picked up the shovel and jumped in there with them — started helping those people dig our own grave," he said. "The playoffs aren't a matter of life and death — they're more important than that."

Nuggets 131, Jazz 123

Lafayette Lever scored 22 points and Wayne Cooper hit two critical baskets in overtime to lift the Nuggets past the Jazz.

Game 3 of the Western Conference series is Saturday at Utah.



Boston's Larry Bird grabs for his own rebound after Detroit center Bill Laimbeer blocked his first attempt.

Denver held the Jazz scoreless the final 3:30 of overtime, allowing them only 4 points.

Utah had the last shot in regulation, but Darrell Griffith missed a 20-foot jumper with three seconds to play to send the game into overtime tied 119-119.

Cooper then hit a pair of jumpers early in the overtime to give Denver a 125-121 lead. Jeff Wilkins made it 125-123 with 3:30 to play but the Jazz were unable to score again.

Alex English had 26 points and Calvin Nait 24 for Denver. Rickey Green scored 25 points and Wilkins and Adrian Dantley 20 each for the Jazz. Dantley scored only 6 points after halftime.

"I think when you shoot 24 of 33 from the foul line in a game that ends in a tie, you're probably going to lose in overtime," Jazz Coach Frank Layden said.

"Anytime you give up 38 points in a single quarter [the second] on the road, you're probably going to lose," he said. "I knew if we got into a game over 130 points we were going to lose, because Denver plays that type of game better than we do."

Denver Coach Doug Moe said, "I don't think we played with great intensity until we got down 110-103, and then we scored 10 straight. From that point on, I thought we played great."

Horse Racing

Kentucky Derby

